

Data I/O is a leading global provider of advanced data programming and security provisioning solutions. These systems are used by some of the world's largest manufacturers, programming centers, and contract manufacturers to securely program integrated circuits and bring their electronic devices to life. Virtually every electronic product today incorporates one or more programmable semiconductor devices that contains data and operating instructions essential for the proper operation of the product.



Corporate Update

Data I/O is gaining market share within the developing automated programming equipment market as a result of its realigned focus and investments in new programming systems, technologies, and handling capabilities. The PSV product line of programming system is considered the industry's "gold standard" and offers customers proven technology and handling capabilities that deliver the lowest total cost of programming. The Lumen™X programmer is a ground breaking technology that further reduces the total cost of programming while offering best-in-class security, unrivaled value and revolutionary performance. Data I/O's market leading products and global service and support provide it with exciting growth opportunities as a result of favorable secular trends within the automotive electronics and the Internet of Things ("IoT") markets.

Technology Arms Race for the Connected Car is Increasing Demand for Data I/O's Programming Systems and Technology

Programming requirements for automotive applications are rapidly increasing due to new growing demand for instrument clusters and infotainment systems, as well as the Advanced Driver Assist Systems (ADAS). Data I/O's programming systems and technology are well positioned to serve this growing market as other forms of programming cannot keep pace with the disruptive growth in file sizes. As a result, eight of the top nine automotive electronics companies are Data I/O customers, and automotive orders grew 55% in 2016.

Infotainment unit growth expected to double in four years, according to IHS Automotive

Strong Balance Sheet Provides Financial Flexibility, while Financial Model Produces Significant Earnings Leverage

Data I/O had \$15.2 million of cash at September 30, 2017, which provides the company with flexibility to withstand fluctuations in its markets, while investing in new products. Since 2012, the company has continued to optimize its cost structure, which produces significant operating leverage and meaningful incremental profitability. Data I/O is committed to creating shareholder value and intends to accelerate growth by investing in growth markets, gaining market share, pursuing accretive acquisitions if possible, and return excess capital to its shareholders.

Investment Overview

Recent price	\$10.85
Market cap	\$92M
Enterprise value	\$77M
TTM Sales	\$32.3M
TTM Adjusted EBITDA	\$6.3M
TTM EPS, diluted	\$0.55

(1) Market data as of 1/12/2018

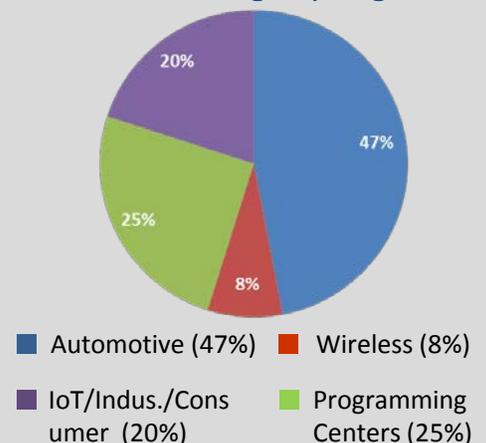
(2) Financial data for the period ended 9/30/2017

(3) Adjusted EBITDA also excludes equity comp.

Investment Considerations

- Compelling financial model, with significant operating leverage
- Strong balance sheet; No debt
- Secular multi-year growth in automotive electronics & IoT markets
- Developing new security provisioning platform
- Attractive product mix with both equipment and consumable sales
- Distinct product superiority driving sales and market share growth

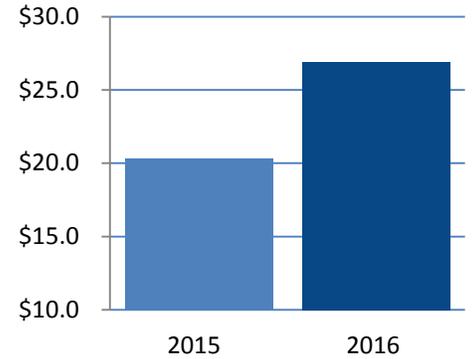
2016 Bookings by Segment



2017 Third Quarter Highlights:

- Net sales of \$9.6 million, a 17-year high, up from \$6.6 million last year
- Growth in major product lines and key international markets
- Gross margin of 62.1%, up from 55.3% last year
- Adjusted EBITDA, excluding equity compensation, was \$2.3 million, up from \$865,000 in 3Q16
- Bookings increase to \$8.2 million, a 10-year high for the third quarter
- Automotive electronics sector represents 51% of bookings in first nine months of 2017
- Shipped over 150 PSV family system
- Deployment of first SentiX™ Security Provisioning Platform
- Backlog of \$4.6 million at 9/30/17
- Deferred revenue of \$1.6 million
- Cash of \$15.2 million at 9/30/17, up from \$12.0 million at 6/30/17
- No debt

Annual Bookings (in \$M):



SentiX Security Provisioning Technology

Data I/O recently demonstrated and introduced the SentiX Security Provisioning Platform. SentiX systems support secure elements and secure microControllers for Automotive and Internet-of-Things applications. Data I/O also announced relationships with Renesas, Infineon, EBV and SecureThingz as part of the SentiX program. Security Silicon is expected to be a 4 Billion unit market in 2022, according to ABI Research, a leading market research firm.



Customer Overview

Data I/O delivers cutting edge products and technology to hundreds of customers around the globe. With headquarters in Redmond, Washington and offices located in Shanghai, China and Munich, Germany, Data I/O is the only true global programming solutions provider offering local service and engineering support 24/7.

Automotive	Wireless	IoT/Industrial/Consumer
Programming Centers and Contract Manufacturing		

Eight of the top nine Automotive Electronics Companies, and all of the top five Automotive Programming Centers are Data I/O customers

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