



FOR IMMEDIATE RELEASE  
Thursday, November 5, 2009

## **SMTc Reports Third Quarter Results Sequential Growth of 13% and Continuing Profitability**

TORONTO – November 5, 2009 -- SMTc Corporation (Nasdaq: SMTX, TSE: SMX), a global electronics manufacturing services provider, today reported 2009 third quarter results. Revenue for the quarter increased sequentially by \$5.0 million or 13% to \$44.2 million. In comparison to the pre-recession third quarter of 2008, revenue was \$8.9 million lower.

Net income for the quarter at \$0.2 million compares with net loss of \$3.4 million in the second quarter of 2009 and net income of \$0.1 million for the comparable period last year. Net income includes a \$0.3 million net loss from discontinued operations, the result of the closure of the Company's Boston facility in the second quarter of 2009. Consequently, the Company recorded net income from continuing operations of \$0.5 million. The second quarter of 2009 was also adversely affected by various write-offs and operational losses associated with the now closed Boston operation, without which the Company posted a modest profit. Gross profit for the third quarter was \$3.7 million or 8.5% of revenue compared with \$4.0 million or 10.2% for the previous quarter and \$5.3 million or 9.9% for the third quarter of 2008 reflecting changes in customer and product mix.

"As expected, our third quarter results improved over the second quarter, thought to be the low point of the economic cycle. Earlier in the year, we took aggressive cost reduction actions including the closure of the Boston site to significantly lower our cost structure as we entered the global recession. As evidenced by this quarter's results, we successfully reduced our break-even cost position to remain profitable at a much lower revenue level," stated John Caldwell, President and Chief Executive Officer.

“As stated previously, given the uncertainty in the current economic climate and limited visibility in our customers’ end markets, the Company will not be providing specific financial guidance. However, there are some early signs that the economy is showing some modest improvement. We continue to expect volatility quarter to quarter. We expect sequential growth in the fourth quarter through improved demand from certain longstanding customers and modest revenue from new customers that are ramping to full production in 2010. Our focus will continue to be on solid customer service, new customer acquisition, tight cost containment and working capital management” stated Mr. Caldwell.

**About SMTC Corporation:** SMTC Corporation, founded in 1985, is a mid-size provider of end-to-end electronics manufacturing services (EMS) including PCBA production, systems integration and comprehensive testing services, enclosure fabrication, as well as product design, sustaining engineering and supply chain management services. SMTC facilities span a broad footprint in the United States, Canada, Mexico, and China, with more than 1,000 full time employees. SMTC services extend over the entire electronic product life cycle from the development and introduction of new products through to the growth, maturity and end-of-life phases. SMTC offers fully integrated contract manufacturing services with a distinctive approach to global original equipment manufacturers (OEMs) and emerging technology companies primarily within industrial, computing and communication market segments.

SMTC is a public company incorporated in Delaware with its shares traded on the Nasdaq National Market System under the symbol SMTX and on the Toronto Stock Exchange under the symbol SMX. For further information on SMTC Corporation, please visit our website at [www.smtc.com](http://www.smtc.com) (<http://www.smtc.com/>)

**Note for Investors:** The statements contained in this release that are not purely historical are forward-looking statements which involve risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. These statements may be identified by their use of forward-looking terminology such as "believes", "expect", "may", "should", "would", "will", "intends", "plans", "estimates", "anticipates" and similar words, and include, but are not limited to, statements regarding the expectations, intentions or strategies of SMTC Corporation. For these statements, we claim the protection of the safe harbor for forward-looking statements provisions contained in the Private Securities Litigation Reform Act of 1995. Risks and uncertainties that may cause future results to differ from forward-looking statements include the challenges of managing quickly expanding operations and integrating acquired companies, fluctuations in demand for customers' products and changes in customers' product sources, competition in the EMS industry, component shortages, and others discussed in the Company's most recent filings with securities regulators in the United States and Canada. The forward-looking statements contained in this release are made as of the date hereof and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ materially from those projected in the forward-looking statements.

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