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FOR IMMEDIATE RELEASE
Tuesday, October 25, 2011

SMTc Provides Business Update – Raises Q4 Forecast, Provides 2012 Guidance

- Confirms prior guidance for improved financial performance in Q4 and beyond
- Raises Q4 guidance to \$4.0 million EBITDA on revenue of \$69 million
- Introduces new 2012 EBITDA guidance to equal or exceed \$13 million, and 2012 revenue guidance to equal or exceed \$240 million
- Guides for \$825,000 Q3 EBITDA, pre 1-time costs (related to restructuring and refinancing) on revenue of \$44 million

TORONTO, CANADA – October 25, 2011 – SMTc Corporation (Nasdaq: SMTX, TSX: SMX) (“SMTc”), a recognized global electronics manufacturing services provider, today provided a Q3, Q4, and 2012 business update.

"In an effort to offer increased transparency about the business to our shareholders, we are providing the following update about our expected Q3, Q4 and 2012 results. We continue to expect Q3 to be our weakest quarter of the year, and anticipate generating \$825,000 in EBITDA for the quarter. However, due to new program wins from both current and new customers, recent cost reduction initiatives, and our recent acquisition, we now expect the business to generate \$4.0 million in EBITDA in Q4, up from our prior guidance of \$3.0 million," stated Claude Germain, Co-Chief Executive Officer. "Barring additional major macroeconomic changes and based on forecasts from our customers as well as our internal forecasts, we are also introducing a 2012 EBITDA guidance of \$13 million in EBITDA and \$240 million in revenues."

Alex Walker, Co-Chief Executive Officer, added, "As recently appointed CEO's, we are cautious about providing new guidance, but our increased forecast reflects the strengthening of the business. In order to meet higher Q4 orders, we added to labor and increased working capital in late Q3. However, we continue to expect to generate positive operating cash flow for the year, and to generate strong free cash flow in 2012. We also expect our sizable tax loss carry-forwards to offset future taxable income and further increase earnings and cash flow."



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EBITDA is a non-GAAP measure. EBITDA is computed as Net income from continuing operations excluding depreciation, amortization, restructuring charges, interest and income tax expense. SMTC Corporation provides this non-GAAP calculation of EBITDA as supplemental information regarding the operational performance of SMTC Corporation's core business. EBITDA is used by SMTC Corporation to provide a consistent method of comparison to historical periods and to the performance of competitors and peer group companies. SMTC Corporation believes that providing non-GAAP measures that management uses in its assessment of the business will allow its investors to better understand SMTC Corporation's financial performance and to evaluate SMTC Corporation's performance using the same methodology and information used by SMTC Corporation's management. Non-GAAP measures are subject to material limitations as these measures are not in accordance with or an alternative for, Generally Accepted Accounting Principles and may be different from non-GAAP measures used by other companies.

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, communication and medical 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/>)

The SMTC Corporation logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=9800>

Note for Investors: The statements contained in this release that are not purely historical are



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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.

For further information:

Alex Walker

President and Co- Chief Executive Officer, SMTC Corporation

(905) 413-1190

Email: investorrelations@smtc.com



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