



## PRESS RELEASE

### TESMA INTERNATIONAL INC. STRONG GROWTH IN Q1 FISCAL 2001 CONTINUES

November 28, 2000, Concord, Ontario, Canada... **Tesma International Inc.** (TSE:TSM.A; NASDAQ:TSMA) a global supplier of highly-engineered engine, transmission and fueling systems and modules for the automotive industry, today reported, for the three months ended October 31, 2000, the 21<sup>st</sup> consecutive quarter (on a comparative year-over-year basis) of record sales and operating income since going public in 1995.

	<b>Three Months Ended</b>	
	<b>October 31</b>	
	<i>(Canadian dollars in millions, except per share figures)</i>	
	<b>2000</b>	<b>1999</b>
Sales	\$302.1	\$279.4
Income before income taxes	\$ 36.3	\$ 31.4
Net income	\$ 22.8	\$ 19.8
Basic earnings per share	\$ 0.78	\$ 0.69
Fully diluted earnings per share	\$ 0.77	\$ 0.66
Weighted average number of shares outstanding on a fully diluted basis <i>(in millions)</i>	30.5	30.2

Sales for the quarter increased by 8% over the prior year to \$302.1 million. This increase reflects the additional sales generated by existing products and new production program launches, a 16% and 15% increase in our North American and European content per vehicle to \$48.83 and €14.03 respectively, increased export sales to Europe, Australia and South America and a 2.1% growth in European vehicle production volumes over the comparable period last year. These gains were partially offset by the significant strengthening of the Canadian dollar versus the Euro and a 3.6% decrease in North American vehicle production volumes.

Income before income taxes increased 16% to a record \$36.3 million, compared to \$31.4 million in the first quarter of fiscal 2000. This increase is attributed to the Company's new production programs, improved operating efficiencies, higher sales volumes as a result of our increased content per vehicle in both North America and Europe and a decrease in interest expense due to lower debt levels. Net income for the quarter of \$22.8 million was also a record high and compares to \$19.8 million a year ago.

Tesma's fully diluted earnings per share for the first quarter increased by 17% to \$0.77, from \$0.66 last year.

Cash provided from operations was \$35.5 million in the first quarter, an increase of \$3.9 million over fiscal 2000. Net investment activities for the quarter included \$17.7 million for fixed and other asset additions, primarily related to new business which will be launched over the next 12 months.

The Tesma Board of Directors today declared a dividend in respect of the first quarter of fiscal 2001 of \$0.16 per share on the Class A Subordinate Voting and Class B shares payable on January 15, 2001 to shareholders of record on December 29, 2000.

Tesma employs over 4,300 employees in North America, Europe and Asia in 21 manufacturing facilities and two research centres.

Tesma will hold a conference call to discuss its first quarter 2001 results on Wednesday, November 29, 2000 at 9:30 a.m. EST. The numbers for this call are 416-641-6670 (local/overseas) or 1-800-379-4140 (North America), with call-in required 10 minutes prior to the start of the conference call. The conference call will be chaired by Anthony Dobranowski, Tesma's Executive Vice President and Chief Financial Officer. A taped replay of the conference call will also be made available from 11:30 a.m. on November 29, 2000 until 12:00 midnight on December 13, 2000. The numbers for the replay are 416-626-4100, reference number 14934795 (local/overseas) or 1-800-558-5253, reference number 14941299 (North America).

This press release may contain "forward looking statements" within the meaning of applicable securities legislation. Such statements involve certain risks and uncertainties which may cause actual results or objectives to be materially different from those expressed or implied herein. These factors include the Company's financial performance, changes in the economic and competitive markets in which the Company competes, relationships with customers, currency exposure, and other factors as set out in the Company's Form 40-F for its fiscal year ended July 31, 1999 and subsequent SEC filings.

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**TESMA INTERNATIONAL INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Canadian dollars in thousands)  
(Unaudited)

	As at October 31, 2000	As at July 31, 2000
<b>ASSETS</b>		
Cash	\$109,883	\$143,104
Accounts receivable	179,144	142,657
Inventories	91,052	83,632
Prepaid expenses and other	10,900	9,937
	<hr/> 390,979	<hr/> 379,330
Fixed assets	308,607	306,057
Other assets	27,526	27,284
	<hr/> \$727,112	<hr/> \$712,671
<hr/>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Bank indebtedness	\$51,057	\$ 50,207
Accounts payable	95,260	85,624
Accrued salaries and wages	31,287	36,019
Other accrued liabilities	45,502	44,014
Income taxes payable	6,628	13,346
Long-term debt due within one year	7,010	8,243
	<hr/> 236,744	<hr/> 237,453
Long-term debt	73,763	74,990
Future tax liabilities	35,607	33,023
 <b>SHAREHOLDERS' EQUITY</b>		
Class A Subordinate Voting Shares (authorized: unlimited, issued: 14,978,379)	186,676	185,851
Class B Shares (authorized: unlimited, issued: 14,223,900)	2,583	2,583
Retained earnings	200,698	186,554
Currency translation adjustment	(8,959)	(7,783)
	<hr/> 380,998	<hr/> 367,205
	<hr/> \$727,112	<hr/> \$712,671
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**TESMA INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS**  
(Canadian dollars in thousands, except per share figures)  
(Unaudited)

	<b>THREE MONTHS ENDED</b>	
	<b>October 31</b>	
	<b>2000</b>	<b>1999</b>
Sales	\$302,107	\$279,424
Cost of goods sold	229,371	213,368
Depreciation and amortization	12,195	10,900
Selling, general and administrative	20,673	18,819
Interest (net)	(166)	1,417
Affiliation fees and other charges	3,718	3,538
Income before income taxes	36,316	31,382
Income taxes	13,555	11,538
Net income attributable to Class A Subordinate Voting Shares and Class B Shares	22,761	19,844
Retained earnings, beginning of period	186,554	120,595
Dividends on Class A Subordinate Voting Shares and Class B Shares	(4,672)	(2,864)
Cumulative adjustment for change in accounting policy (Note 1)	(3,945)	
Retained earnings, end of period	\$200,698	\$137,575
Earnings per Class A Subordinate Voting Share or Class B Share		
Basic	\$ 0.78	\$ 0.69
Fully diluted	\$ 0.77	\$ 0.66
Average number of Class A Subordinate Voting Shares and Class B Shares outstanding ( <i>in millions</i> )		
Basic	29.2	28.6
Fully diluted	30.5	30.2

**TESMA INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Canadian dollars in thousands)  
(Unaudited)

**THREE MONTHS ENDED**  
**October 31**

	<b>2000</b>	<b>1999</b>
<b>Cash provided from (used for):</b>		
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 22,761	\$ 19,844
Items not involving current cash flows	12,707	11,712
	<hr/> 35,468	<hr/> 31,556
Changes in non-cash working capital	(46,407)	(9,396)
	<hr/> (10,939)	<hr/> 22,160
<b>INVESTING ACTIVITIES</b>		
Fixed asset additions	(16,958)	(15,564)
Purchase of subsidiaries	(800)	-
Increase in other assets	(72)	(118)
Proceeds from disposition of fixed and other assets	82	769
	<hr/> (17,748)	<hr/> (14,913)
<b>FINANCING ACTIVITIES</b>		
Increase in bank indebtedness	1,303	18,755
Issues of long-term debt	-	1,377
Repayments of long-term debt	(1,935)	(1,080)
Issuance of Class A Subordinate Voting Shares	825	735
Dividends on Class A Subordinate Voting Shares and Class B Shares	(4,672)	(2,864)
	<hr/> (4,479)	<hr/> 16,923
Effect of exchange rate changes on cash	(55)	(519)
Net increase in cash during the period	<hr/> (33,221)	<hr/> 23,651
Cash, beginning of period	143,104	78,582
Cash, end of period	<hr/> \$109,883	<hr/> \$102,233

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Accounting Change

Effective August 1, 2000, the Company adopted the Canadian Institute of Chartered Accountants new recommendations for the accounting and disclosure of income taxes.

The Company has adopted the new recommendations without restating the financial statements of any prior periods. Accordingly, the Company has recorded the cumulative adjustment as a result of adopting the liability method of tax allocation as a decrease in retained earnings of \$3.9 million and an increase in future tax liabilities of \$3.9 million.

### 2. Segmented Information

The Company currently operates in one industry segment, the automotive powertrain business, designing and manufacturing parts and assemblies primarily for the automotive OEMs or their Tier 1 powertrain component manufacturers.

The Company operates internationally and its manufacturing facilities are arranged geographically to match the requirements of the Company's customers in each market. Each manufacturing facility has the capability to offer many different powertrain parts and assemblies as the technological processes employed can be used to make many different parts and assemblies. Additionally, specific marketing and distribution strategies are required in each geographic region. The Company currently operates in four geographic segments of which only two are reportable segments. The accounting policies for the segments are the same as those described in Note 1 to the July 31, 2000 consolidated financial statements and intersegment sales are accounted for at prices which approximate fair value.

Executive management assesses the performance of each segment based on income before income taxes as the management of income tax expense is centralized.

Three months ended October 31st, 2000	North American Automotive	European Automotive	Other Automotive	Total
[Canadian dollars in thousands]				
Total Sales	\$244,074	\$ 49,248	\$11,264	\$304,586
Intersegment sales	1,926	553	-	2,479
Sales to external customers	\$242,148	\$48,695	\$11,264	\$302,107
Depreciation and amortization	\$ 8,893	\$ 2,062	\$ 1,240	\$ 12,195
Interest, net	\$ (541)	\$ (192)	\$ 567	\$ (166)
Income before income taxes	\$ 31,105	\$ 4,180	\$ 1,031	\$ 36,316
Fixed assets, net	\$212,671	\$54,523	\$41,413	\$308,607
Fixed asset additions	\$ 14,137	\$ 2,577	\$ 244	\$ 16,958
Goodwill, net	\$ 18,835	\$ 1,618	\$ -	\$ 20,453
Three months ended October 31st, 1999	North American Automotive	European Automotive	Other Automotive	Total
[Canadian dollars in thousands]				
Total Sales	\$215,447	\$52,431	\$13,124	\$281,002
Intersegment sales	871	707	-	1,578
Sales to external customers	\$214,576	\$51,724	\$13,124	\$279,424
Depreciation and amortization	\$ 7,502	\$ 2,047	\$ 1,351	\$ 10,900
Interest, net	\$ 582	\$ (147)	\$ 982	\$ 1,417
Income before income taxes	\$ 26,210	\$ 3,937	\$ 1,235	\$ 31,382
Fixed assets, net	\$186,793	\$51,378	\$40,093	\$278,264
Fixed asset additions	\$ 9,633	\$ 2,924	\$ 3,007	\$ 15,564
Goodwill, net	\$ 17,907	\$ 1,963	\$ -	\$ 19,870

### 3. Capital Stock

#### Class and Series of Outstanding Securities

The Company's share structure has remained consistent with that in place as at July 31, 2000. For details concerning the nature of the Company's securities, please refer to Note 9 "Convertible Series Preferred Shares" and Note 10 "Capital Stock" of the Company's 2000 Annual Report.

#### Options

The following table presents the maximum number of shares that would be outstanding if all of the outstanding options as at October 31, 2000 were exercised:

	<b>Number of Shares</b>
Class A Subordinate Voting Shares outstanding as at October 31, 2000	14,978,379
Class B Shares outstanding as at October 31, 2000	14,223,900
Options to purchase Class A Subordinate Voting Shares	1,437,900
	<u>30,640,179</u>

The maximum number of shares reserved to be issued for stock options is 3,000,000 Class A Subordinate Voting Shares. The number of reserved but unoptioned shares as at October 31, 2000 is 177,000.