



PRESS RELEASE

TESMA INTERNATIONAL INC. EARNINGS UP 60%

June 1, 2000, Concord, Ontario, Canada... **Tesma International Inc.** (TSE:TSM.A; NASDAQ:TSMA) today announced record third quarter sales, income and earnings per share for the period ended April 30, 2000.

	Three Months Ended April 30		Nine Months Ended April 30	
	2000	1999	2000	1999
	(Canadian dollars in millions, except per share figures)			
Sales	\$303.7	\$251.7	\$849.9	\$647.5
Income before income taxes	\$ 38.5	\$ 24.9	\$102.6	\$ 62.2
Net income	\$ 24.9	\$ 15.5	\$ 65.4	\$ 38.6
Operating cash flow	\$ 42.8	\$ 24.5	\$107.9	\$ 55.0
Basic earnings per share	\$ 0.86	\$ 0.54	\$ 2.28	\$ 1.35
Fully diluted earnings per share	\$ 0.83	\$ 0.52	\$ 2.18	\$ 1.30
Weighted average number of shares outstanding on a fully diluted basis (in millions)	30.2	30.1	30.2	30.1

The third quarter of fiscal 2000 represents Tesma's 19th consecutive quarter (on a comparative year-over-year basis) of record sales and operating income.

Sales for the quarter increased by 21% over the prior year to \$303.7 million. This increase reflects the sales generated by new products and production programs launched over the past twelve months, a 27% increase in our North American content per vehicle to \$45, increased sales to our export markets of Australia and South America and a moderate increase in vehicle production volumes in North America which were up 1.4% over the comparable period last year. The gains were somewhat offset by the strengthening of the Canadian dollar versus the Euro and U.S. dollar. Year-to-date sales increased by 31% to \$849.9 million, compared to \$647.5 million last year.

Income before income taxes increased by 55% to a record \$38.5 million, compared to \$24.9 million in the third quarter of fiscal 1999. This increase is attributed to the Company's new business, operating efficiencies and higher sales volumes as a result of our increased content per vehicle and higher North American production volumes. Net income for the quarter of \$24.9 million was also a record high and compares to \$15.5 million a year ago. Year-to-date net income was \$65.4 million compared to \$38.6 million a year ago.

Tesma's fully diluted earnings per share for the third quarter of fiscal 2000 increased by 60% to \$0.83 from \$0.52 last year. Year-to-date fully diluted earnings per share increased by 68% to \$2.18 from \$1.30 last year.

Cash provided from operations was \$42.8 million in the third quarter, an increase of \$18.3 million over fiscal 1999. Net investment activities for the quarter included \$21.1 million for fixed and other asset additions, primarily related to new business which will be launched over the next twelve months. Year-to-date cash generated from operations was \$107.9 million, compared to \$55.0 million a year ago.

As we outlined in our 1999 annual report, management is committed to increasing shareholder value through a focus on operational excellence, a strong balance sheet and superior financial results. Our quarter end balance sheet is even stronger than at July 31, 1999 with net cash of \$85.9 million and a return on funds employed (ROFE) of 35.0% for the year versus 24.8% a year ago. We are pleased with our continued strong financial performance and with the recognition we are receiving from our customers for our operational excellence.

In May, Tesma was honoured by General Motors, our largest customer, at their 1999 Supplier of the Year awards presentation. These prestigious awards have been presented annually for the past 8 years to GM's best global suppliers. The award winners are selected by a global team of executives from purchasing, engineering, manufacturing and logistics who identify suppliers with superior performance in the areas of Quality, Service, Technology and Price. This year Tesma captured two such awards out of 181 awards presented to suppliers from 22 countries.

The Tesma Board of Directors today declared a dividend in respect of the third quarter of fiscal 2000 of \$0.16 per share on the Class A Subordinate Voting and Class B shares payable on July 14, 2000 to shareholders of record on June 30, 2000.

Tesma is a global supplier of highly-engineered engine, transmission and fueling systems and components for the automotive industry, focusing on **Innovation, Engineering and Performance**. Tesma employs over 4,000 employees in North America, Europe and Asia in 21 manufacturing facilities and two research centres.

Tesma will hold a conference call to discuss its third quarter 2000 results on Thursday, June 1, 2000 at 1:30 p.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. A taped replay of the conference call will also be made available from 3:00 p.m. on June 1, 2000 until 12:00 midnight on June 15, 2000. The numbers for the replay are 416-626-4100, reference number 14933905 (local/overseas) or 1-800-558-5253, reference number 14940146 (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 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 April 30, 2000	As at July 31, 1999
ASSETS		
Cash	\$130,528	\$ 78,582
Accounts receivable	163,795	134,395
Inventories	76,827	76,043
Prepaid expenses and other	10,119	9,813
	<hr/> 381,269	<hr/> 298,833
Fixed assets	291,482	276,297
Other assets	29,427	32,173
	<hr/> \$702,178	<hr/> \$607,303
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank indebtedness	\$44,643	\$ 30,618
Accounts payable	88,656	78,654
Accrued salaries and wages	33,364	25,108
Other accrued liabilities	47,936	41,854
Income taxes payable	14,634	5,673
Long-term debt due within one year	8,989	10,029
	<hr/> 238,222	<hr/> 191,936
Long-term debt	77,347	82,340
Deferred income taxes	32,992	29,538
 SHAREHOLDERS' EQUITY		
Class A Subordinate Voting Shares	183,903	180,265
Class B Shares	2,583	2,583
Retained earnings	174,980	120,595
Currency translation adjustment	(7,849)	46
	<hr/> 353,617	<hr/> 303,489
	<hr/> \$702,178	<hr/> \$607,303
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TESMA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(Canadian dollars in thousands)
(Unaudited)

	THREE MONTHS ENDED April 30		NINE MONTHS ENDED April 30	
	2000	1999	2000	1999
Sales	\$303,672	\$251,711	\$849,930	\$647,514
Cost of goods sold	229,081	195,560	643,665	502,954
Depreciation and amortization	11,569	9,578	33,395	25,263
Selling, general and administrative	19,931	17,269	56,039	47,098
Interest (net)	687	1,265	3,352	1,810
Affiliation fees and other charges	3,902	3,111	10,877	8,177
Income before income taxes	38,502	24,928	102,602	62,212
Income taxes	13,616	9,395	37,163	23,605
Net income attributable to Class A Subordinate Voting Shares and Class B Shares	24,886	15,533	65,439	38,607
Retained earnings, beginning of period	154,701	96,168	120,595	77,085
Dividends on Class A Subordinate Voting Shares and Class B Shares	(4,607)	(1,996)	(11,054)	(5,987)
Retained earnings, end of period	\$174,980	\$ 109,705	\$174,980	\$109,705
Earnings per Class A Subordinate Voting Share or Class B Share				
Basic	\$0.86	\$0.54	\$2.28	\$1.35
Fully diluted	\$0.83	\$0.52	\$2.18	\$1.30
Average number of Class A Subordinate Voting Shares and Class B Shares outstanding (in millions)				
Basic	28.8	28.5	28.7	28.5
Fully diluted	30.2	30.1	30.2	30.1

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

	THREE MONTHS ENDED April 30		NINE MONTHS ENDED April 30	
	2000	1999	2000	1999
CASH PROVIDED FROM (USED FOR):				
OPERATING ACTIVITIES				
Net income	\$24,886	\$ 15,533	\$ 65,439	\$ 38,607
Items not involving current cash flows	14,193	10,579	39,104	27,146
	39,079	26,112	104,543	65,753
Changes in non-cash working capital	3,766	(1,659)	3,363	(10,717)
	42,845	24,453	107,906	55,036
INVESTING ACTIVITIES				
Fixed asset additions	(20,740)	(10,130)	(57,328)	(52,475)
Purchase of subsidiaries	-	-	(800)	(44,785)
Increase in other assets	(172)	(1,057)	(1,316)	(4,595)
Proceeds from disposition of fixed and other assets	(144)	66	2,214	880
Cash acquired on purchase of subsidiaries	-	(3)	-	3,863
	(21,056)	(11,124)	(57,230)	(97,112)
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	4,516	(11,384)	13,615	31,535
Issues of long-term debt	-	232	1,377	4,004
Repayments of long-term debt	(1,293)	(10,773)	(4,627)	(12,851)
Issuance of Class A Subordinate Voting Shares	2,483	-	3,638	262
Dividends on Class A Subordinate Voting Shares and Class B Shares	(4,607)	(1,996)	(11,054)	(5,987)
	1,099	(23,921)	2,949	16,963
Effect of exchange rate changes on cash	(291)	(1,444)	(1,679)	(1,292)
Net increase (decrease) in cash during the period	22,597	(12,036)	51,946	(26,405)
Cash, beginning of period	107,931	29,629	78,582	43,998
Cash, end of period	\$130,528	\$ 17,593	\$130,528	\$ 17,593

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

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, 1999 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.

Nine months ended April 30, 2000	North American Automotive	European Automotive	Other	Total
[Canadian dollars in thousands]				
Total Sales	\$664,595	\$155,019	\$35,255	\$854,869
Intersegment sales	\$ 2,844	\$ 2,095	\$ -	\$ 4,939
Sales to external customers	\$661,751	\$152,924	\$35,255	\$849,930
Income before income taxes	\$ 86,938	\$ 12,862	\$ 2,802	\$102,602
Fixed assets, net	\$197,437	\$ 50,329	\$43,716	\$291,482
Fixed asset additions	\$ 35,797	\$ 14,435	\$ 7,096	\$ 57,328
Goodwill, net	\$ 18,186	\$ 1,790	\$ -	\$ 19,976

Nine months ended April 30, 1999				
Total Sales	\$480,106	\$163,049	\$ 8,263	\$651,418
Intersegment sales	\$ 1,437	\$ 2,467	\$ -	\$ 3,904
Sales to external customers	\$478,669	\$160,582	\$ 8,263	\$647,514
Income before income taxes	\$ 50,722	\$ 11,659	\$ (169)	\$ 62,212
Fixed assets, net	\$179,765	\$ 47,642	\$39,526	\$266,933
Fixed asset additions	\$ 40,123	\$ 11,813	\$ 539	\$ 52,475
Goodwill, net	\$ 18,290	\$ 2,135	\$ -	\$ 20,425