PRESS RELEASE

TESMA INTERNATIONAL INC.
Tesma Announces Third Quarter 2001 Results

May 31, 2001, 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 April 30, 2001, the 23rd consecutive quarter (on a comparative year-over-year basis) of record sales since going public in 1995.

	Nine Months Ended April 30		Three Months Ended April 30	
	(Canadian dollars in millions, except per share figures)			
	2001	**2000**	**2001**	**2000**
Sales	$897.7	$849.9	$313.3	$303.7
Income before income taxes	$ 98.6	$102.6	$ 34.5	$ 38.5
Net income	$ 63.2	$ 65.4	$ 22.6	$ 24.9
Operating cash flow	$101.1	$104.5	$ 34.5	$ 39.1
Basic earnings per share	$ 2.16	$ 2.28	$ 0.77	$ 0.86
Fully diluted earnings per share	$ 2.09	$ 2.18	$ 0.74	$ 0.83
Weighted average number of shares outstanding on a fully diluted basis (in millions)	30.6	30.2	30.6	30.2

Consolidated Results

Sales for the nine month period increased by 6% to $897.7 million, despite a 12% decline in North American vehicle production volumes and minimal growth of 1% in Europe. This sales increase reflects sales generated from new production launches over the past twelve months, a 19% and 7% increase in our North American and European content per vehicle to $52.09 and €12.99 respectively, an increase in tooling sales and strong service and aftermarket part sales. The significant strengthening of the Canadian dollar versus the Euro slowed Tesma's reported sales by approximately 2%.

For the quarter, sales were up by 3% to a record $313.3 million, despite a quarterly year-over-year drop in North American vehicle production volumes of 17% to 3.6 million units, the lowest third quarter level of production since Tesma became a public company. The sales increase in the quarter was the result of new product launches in North America, higher service and aftermarket part sales in Europe and high levels of tooling sales for new programs.

Income before income taxes for the nine month period decreased 4% to $98.6 million. The additional margin generated by newly-launched production programs, improved operating efficiencies, higher content per vehicle, and reduced interest expense was more than offset by the year-to-date 12% reduction in North American vehicle production volumes, customer pricing concessions and continued higher operating costs at certain facilities as we launch new programs and continue to invest in engineering, research and development resources and capital assets for our future. Net income also declined modestly versus the prior year from $65.4 million to $63.2 million.

For the quarter, income before income taxes declined by 10% from $38.5 million to $34.5 million largely as a result of the third quarter 17% reduction in North American vehicle production volumes, significant launch costs for new product programs at two facilities and increased depreciation expenses. Net income for the quarter was $22.6 million.

Tesma's fully diluted earnings per share for the nine month period was $2.09 and for the third quarter was $0.74, versus $2.18 and $0.83 a year ago.

North American Operations

Tesma operates 15 manufacturing facilities in North America (13 in Canada and 2 in the U.S.) with 3,220 employees. For the first nine months of fiscal 2001, the Company's North American operations reported sales of $704.2 million, an increase of 6% over the same period in 2000. This improvement reflects the increased volumes of the GM GEN III V8, Line 6 and L850 engine programs and Ford's Modular V8 engine program on which Tesma has significant content, the launch of the Allison LCT transmission program, and increased volumes on certain tensioner and alternator decoupler programs. Income before income taxes decreased by 5% to $82.5 million, compared to $86.9 million a year ago. This decrease is primarily attributable to the significant drop in North American vehicle production volumes, new program launch costs and customer pricing concessions, partially offset by improved operating efficiencies at many facilities and a decrease in interest expense due to lower levels of net indebtedness.

European Operations

Tesma's 5 European operations, located in Germany and Austria, employ 1,000 employees. For the first nine months of fiscal 2001, sales from these operations increased by 5% to $161.2 million compared to the same period last year. Although there was sales growth in all of our European manufacturing facilities and European vehicle production volumes increased approximately 1%, the weakening of the Euro relative to the Canadian dollar caused translated sales to decline by approximately $16 million versus the comparable period a year ago. Despite high launch costs at one facility, income before income taxes rose by 13% to $14.5 million, primarily as a result of increased efficiencies in our engine technologies facilities and strong aftermarket sales.

Asian Operations

Tesma's 2 Asian manufacturing facilities in South Korea employ 180 people. For the first nine months of fiscal 2001, sales decreased by 8% to $32.3 million and income before income taxes for this segment (which includes our engineering and marketing offices in Brazil, Japan and Korea) decreased by 44% to $1.6 million compared to the same period last year. For the third quarter, sales decreased to $8.3 million versus $11.1 million a year earlier. The decline for the quarter is due to significantly reduced volumes on the Ford FN transmission oil pump and a weakening Korean Won relative to the Canadian dollar.

Cash Flow

Cash provided from operations decreased by $3.4 million to $101.1 million for the first nine months of fiscal 2001 and for the quarter decreased by $4.6 million to $34.5 million. An increased investment in non-cash working capital resulting from a record level of sales, the final payment of fiscal 2000 income taxes and a return to more manageable inventory levels reduced cash provided by operating activities to $50.7 million for the nine month period. Net investment activities for the nine month period included $70.9 million for fixed and other asset additions. As a result, net cash balances at the end of the third quarter were $53.3 million, a decline of $39.6 million since July 31, 2000, but down only $1.5 million from January 31, 2001.

Balance Sheet

Despite the net use of cash during the nine month period, Tesma maintains one of the strongest balance sheets in our industry. Our net debt of $21.1 million at April 30, 2001 was only 5% of shareholders' equity and our return on funds employed has exceeded 28% for the year.

Dividends

The Tesma Board of Directors today declared a dividend in respect of the third quarter of fiscal 2001 of $0.16 per share on the Class A Subordinate Voting and Class B shares payable on July 16, 2001 to shareholders of record on June 29, 2001.

Outlook

Tesma's results are expected to continue to be impacted by the negative conditions that are affecting the automotive industry generally, including production cut-backs, OEM price concessions under long-term arrangements, continued weakness of the Euro, declining consumer confidence and general economic uncertainty. North American OEMs have announced cutbacks in calendar second quarter 2001 production schedules by an aggregate of 15 to 20%. Across the board production declines of the magnitude experienced and announced by the North American OEMs have and will continue to affect all auto parts suppliers, including Tesma. Tesma has and is continuing to respond to these issues, but nonetheless, expects modest sales growth in the fourth quarter of fiscal 2001. The impact of the announced production cuts in North America in the range of 15% and in Europe in the range of 3 to 5% over the next three months should result in an overall growth rate in Tesma's sales of approximately 4 to 5% for fiscal 2001.

Other Developments

On May 17, 2001, Tesma and its controlling shareholder, Magna International Inc. ("Magna"), jointly announced that they had entered into a non-binding letter of intent concerning the proposed combination of Tesma with the Magna Steyr group.

The combination of Tesma and Magna Steyr would create one of the world's largest and most technologically advanced suppliers of total drivetrain technologies, including four wheel drive systems, complete vehicle assembly and a wide variety of powertrain components, for the world's major OEMs.

If a transaction is viable and ultimately negotiated, it would be subject to a number of conditions including review and recommendation by Tesma's Special Committee of independent directors, approval by the Boards of Directors of both Tesma and Magna, regulatory approval and the approval of Tesma's Class A Subordinate Voting shareholders.

"Our team has built a strong foundation in the powertrain modules and systems sector and we are excited about the proposed combination with Magna Steyr, as it will enhance our engineering and technological capabilities, expand our customer base and further relationships in established and emerging markets," stated Manfred Gingl, Tesma's President and CEO. The combination would more than double Tesma's annual sales furthering our position as a leading global full-service powertrain supplier.

Tesma employs over 4,400 employees in North America, Europe and Asia in 22 manufacturing facilities and two research centres.

Tesma will hold a conference call to discuss its third quarter fiscal 2001 results on Friday, June 1, 2001 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 CFO. A taped replay of the conference call will also be made available until 12:00 midnight on June 15, 2001. The numbers for the replay are 416-626-4100, reference number 17350457 (local/overseas) or 1-800-558-5253, reference number 17355826 (North America). The conference call can also be accessed by webcast at www.newswire.ca/webcast and will be available for a 30 day period.

This press release may contain "forward looking statements" within the meaning of applicable securities legislation. Such statements involve certain risks, assumptions and uncertainties which may cause Tesma's actual future results or performance to be materially different from those expressed or implied herein. These factors include, but are not limited to: industry cyclicality (including reductions or increases in production volumes), the Company's financial performance, changes in the economic and competitive markets in which Tesma competes, relationships with customers, customer pricing pressures, the Company's dependence on certain engine and transmission programs, currency exposure, and other factors as set out in Tesma's Form 40-F for its fiscal year ended July 31, 2000 and subsequent SEC filings. Tesma disclaims any intention and undertakes no obligation to update or revise any forward looking statements to reflect subsequent information, events, circumstances or otherwise.

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

	As at April 30, 2001	**As at July 31, 2000**
ASSETS		
Cash	$109,302	$143,104
Accounts receivable	178,373	142,657
Inventories	102,015	83,632
Prepaid expenses and other	11,138	9,937
	400,828	379,330
Fixed assets	336,159	306,057
Other assets	26,178	27,284
	$763,165	$712,671
LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank indebtedness	$ 55,991	$ 50,207
Accounts payable	101,342	85,624
Accrued salaries and wages	32,243	36,019
Other accrued liabilities	41,285	44,014
Income taxes payable	11,181	13,346
Long-term debt due within one year	4,881	8,243
	246,923	237,453
Long-term debt	69,545	74,990
Future tax liabilities	34,194	33,023
SHAREHOLDERS' EQUITY		
Class A Subordinate Voting Shares (authorized: unlimited, issued: 15,022,379)	187,178	185,851
Class B Shares (authorized: unlimited, issued: 14,223,900)	2,583	2,583
Retained earnings	231,345	186,554
Currency translation adjustment	(8,603)	(7,783)
	412,503	367,205
	$763,165	$712,671

TESMA INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(Canadian dollars in thousands, except per share figures)
(Unaudited)

	THREE MONTHS ENDED April 30		NINE MONTHS ENDED April 30	
	2001	**2000**	**2001**	**2000**
Sales	$313,265	$303,672	$897,664	$849,930
Cost of goods sold	243,009	229,081	691,709	643,665
Depreciation and amortization	13,078	11,569	38,259	33,395
Selling, general and administrative	18,368	19,931	57,337	56,039
Interest, net	507	687	874	3,352
Affiliation fees and other charges	3,814	3,902	10,924	10,877
Income before income taxes	34,489	38,502	98,561	102,602
Income taxes	11,873	13,616	35,384	37,163
Net income for the period	22,616	24,886	63,177	65,439
Retained earnings, beginning of period	213,408	154,701	186,554	120,595
Dividends on Class A Subordinate Voting Shares and Class B Shares	(4,679)	(4,607)	(14,024)	(11,054)
Cumulative adjustment for change in accounting policy (Note 1)	-	-	(3,945)	-
Surrender of stock options	-	-	(417)	-
Retained earnings, end of period	$231,345	$174,980	$231,345	$174,980
Earnings per Class A Subordinate Voting Share or Class B Share				
Basic	$0.77	$0.86	$2.16	$2.28
Fully diluted	$0.74	$0.83	$2.09	$2.18
Average number of Class A Subordinate Voting Shares and Class B Shares outstanding (in millions)				
Basic	29.2	28.8	29.2	28.7
Fully diluted	30.6	30.2	30.6	30.2

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

	THREE MONTHS ENDED April 30		NINE MONTHS ENDED April 30	
	2001	**2000**	**2001**	**2000**
CASH PROVIDED FROM (USED FOR):				
OPERATING ACTIVITIES				
Net income	$22,616	$24,886	$63,177	$ 65,439
Items not involving current cash flows	11,840	14,193	37,878	39,104
	34,456	39,079	101,055	104,543
Changes in non-cash working capital	(3,239)	3,766	(50,355)	3,363
	31,217	42,845	50,700	107,906
INVESTING ACTIVITIES				
Fixed asset additions	(25,035)	(20,740)	(70,716)	(57,328)
Purchase of subsidiaries	128	-	(800)	(800)
Increase in other assets	(184)	(172)	(194)	(1,316)
Proceeds from disposition of fixed and other assets	210	(144)	343	2,214
	(24,881)	(21,056)	(71,367)	(57,230)
FINANCING ACTIVITIES				
Increase in bank indebtedness	5,248	4,516	7,706	13,615
Issues of long-term debt	-	-	-	1,377
Repayments of long-term debt	(3,880)	(1,293)	(8,225)	(4,627)
Issuance of Class A Subordinate Voting Shares	332	2,483	1,328	3,638
Dividends on Class A Subordinate Voting Shares and Class B Shares	(4,680)	(4,607)	(14,024)	(11,054)
Surrender of stock options	-	-	(417)	-
	(2,980)	1,099	(13,632)	2,949
Effect of exchange rate changes on cash	(86)	(291)	497	(1,679)
Net increase (decrease) in cash during the period	3,270	22,597	(33,802)	51,946
Cash, beginning of period	106,032	107,931	143,104	78,582
Cash, end of period	$109,302	$130,528	$109,302	$130,528

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.

Nine months ended April 30th, 2001	North American Automotive	European Automotive	Other Automotive	Total
		[Canadian dollars in thousands]		
Total sales	$ 710,268	$ 162,933	$ 32,319	$ $905,520
Intersegment sales	6,106	1,750	-	7,856
Sales to external customers	$ 704,162	$ 161,183	$ 32,319	$ 897,664
Depreciation and amortization	$ 28,403	$ 6,440	$ 3,416	$ 38,259
Interest, net	$ (87)	$ (477)	$ 1,438	$ 874
Income before income taxes	$ 82,479	$ 14,500	$ 1,582	$ 98,561
Fixed assets, net	$ 239,638	$ 62,193	$ 34,328	$ 336,159
Fixed asset additions	$ 59,128	$ 10,605	$ 983	$ 70,716
Goodwill, net	$ 18,301	$ 1,447	$ -	$ 19,748

Nine months ended April 30th, 2000	North American Automotive	European Automotive	Other Automotive	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
Depreciation and amortization	$ 23,328	$ 6,134	$ 3,933	$ 33,395
Interest, net	$ 1,291	$ (600)	$ 2,661	$ 3,352
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

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 April 30, 2001 were exercised:

	Number of Shares
Class A Subordinate Voting Shares outstanding as at April 30, 2001	15,022,379
Class B Shares outstanding as at April 30, 2001	14,223,900
Options to purchase Class A Subordinate Voting Shares	1,320,900
	30,567,179

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 April 30, 2001 is 177,000.

4. Subsequent Event

On May 17, 2001, Tesma and its controlling shareholder, Magna International Inc. ("Magna"), jointly announced that they had entered into a non-binding letter of intent concerning the proposed combination of Tesma with Magna Steyr, a wholly owned subsidiary of Magna. The combination would more than double Tesma's annual sales creating a leading global full-service powertrain supplier.

If a transaction is viable and ultimately negotiated, it would be subject to a number of conditions including review and recommendation by Tesma's Special Committee of independent directors, approval by the Boards of Directors of both Tesma and Magna, regulatory approval and the approval by a majority of the minority shareholders of Tesma's Class A Subordinate Voting Shares.