WINPAK

***NEWS RELEASE***

# Winpak Reports Second Quarter Results

Winnipeg, Manitoba, July 23, 2015 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the second quarter of 2015, which ended on June 28, 2015.

| | Quarter Ended | | Year-To-Date Ended | |
|---|---|---|---|---|
| | June 28 2015 | June 29 2014 | June 28 2015 | June 29 2014 |
| *(thousands of US dollars, except per share amounts)* | | | | |
| Revenue | 198,257 | 199,426 | 397,697 | 387,503 |
| Net income | 27,639 | 19,538 | 50,363 | 35,994 |
| | | | | |
| Income tax expense | 12,634 | 9,367 | 23,548 | 16,602 |
| Net finance expense | 20 | 107 | 55 | 44 |
| Depreciation and amortization | 7,928 | 7,351 | 15,675 | 14,716 |
| EBITDA (1) | 48,221 | 36,363 | 89,641 | 67,356 |
| | | | | |
| Net income attributable to equity holders of the Company | 26,845 | 19,406 | 49,308 | 35,569 |
| Net income attributable to non-controlling interests | 794 | 132 | 1,055 | 425 |
| Net income | 27,639 | 19,538 | 50,363 | 35,994 |
| | | | | |
| Basic and diluted earnings per share (cents) | 41 | 30 | 76 | 55 |

Winpak Ltd. manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the packaging of perishable foods, beverages and in healthcare applications.

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[1] EBITDA is not a recognized measure under International Financial Reporting Standards (IFRS). Management believes that in addition to net income, this measure provides useful supplemental information to investors including an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that this measure should not be construed as an alternative to net income, determined in accordance with IFRS, as an indicator of the Company's performance. The Company's method of calculating this measure may differ from other companies, and accordingly, the results may not be comparable.

## *Management's Discussion and Analysis*

(presented in US dollars)

Forward-looking statements: Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent Winpak's current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, we disclaim any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

### *Financial Performance*

Net income attributable to equity holders of the Company for the second quarter of 2015 strengthened to $26.8 million or 41 cents in earnings per share compared to $19.4 million or 30 cents per share recorded in the comparable quarter of 2014, an increase of 38.3 percent. This represents the highest quarterly earnings performance since Winpak's inception. Improved gross profit margins added 9.0 cents to earnings per share and organic volume growth supplemented earnings per share by 0.5 cents. Favorable foreign exchange impacts and lower overall operating expenses each contributed 1.0 cent to earnings per share growth. A lower effective income tax rate added a further 0.5 cents in earnings per share while a greater proportion of earnings attributable to non-controlling interests subtracted 1.0 cent from earnings per share.

For the six months ended June 28, 2015, net income attributable to equity holders of the Company amounted to $49.3 million or 76 cents per share, eclipsing the corresponding 2014 result of $35.6 million or 55 cents per share by 38.6 percent. Expanded gross profit margins resulted in earnings per share enhancements of 18.0 cents while foreign exchange and organic volume growth added a further 2.5 cents and 2.0 cents respectively. This was partly offset by a greater proportion of earnings attributable to non-controlling interests and higher operating expenses which reduced earnings per share by 1.0 cent and 0.5 cents accordingly.

### *Revenue*

Revenue in the second quarter of 2015 reached $198.3 million versus $199.4 million in the same quarter of 2014, a decrease of 0.6 percent. Volume expansion was muted at 1.2 percent compared to the robust second quarter of 2014, when growth of 12.7 percent was experienced. Revenue performance varied across product groups. Modified atmosphere packaging volumes continued to forge ahead in the low double-digit percentage range, building on the first quarter momentum, with new business gains at some of North America's largest meat and cheese producing customers. After experiencing a decline in shipments in the first quarter of 2015, biaxially oriented nylon volumes rebounded with growth of just over 10 percent. Rigid container volumes increased in the low single-digit percentage range. Were it not for the loss of some low-margin yogurt business, rigid container volumes would have risen in the high single-digit percentage range on the strength of sales in applesauce, condiment and specialty beverage packaging. Specialty film volumes experienced a low single-digit percentage decline while lidding shipments fell by just over 10 percent compared to the second quarter of 2014 which was particularly strong for this product group. Although some yogurt lidding business was lost, volumes in the remaining lidding markets are expected to recover in the second half of the year. Packaging machinery and part sales receded by just over 10 percent in comparison to the second quarter of 2014 due primarily to timing of shipments, as 2015 first quarter volumes were elevated, exceeding the prior year by over 40 percent. Selling price/mix changes had a net unfavorable effect on quarterly revenues of 0.5 percent while foreign exchange had a negative influence of 1.3 percent due to the significant decline in the value of the Canadian dollar in comparison to its US counterpart in the current period versus the prior year second quarter.

For the first half of 2015, revenue grew to $397.7 million from $387.5 million in the first six months of 2014, an increase of 2.6 percent. Volumes increased by 3.2 percent, with all product groups advancing except for lidding. Growth was particularly robust in modified atmosphere packaging, which advanced in the low double-digit percentage range, followed closely behind in percentage terms by packaging machinery. Significant inroads at some of the largest meat and cheese customers in North America were responsible for the favorable performance within the modified atmosphere packaging group as these companies gained exposure to Winpak's capabilities. Rigid container, biaxially oriented nylon and specialty film volumes progressed in the low single-digit percentage range while lidding volumes fell in mid single-digit percentage terms. Selling price/mix changes had a positive effect on revenue of 0.7 percent year-to-date while foreign exchange negatively impacted revenue by 1.3 percent.

### *Gross profit margins*

Gross profit margins widened in the current quarter to 32.9 percent of revenue from the 31.6 percent of revenue recorded in the first quarter of this year and compared very favorably to the 27.8 percent attained in the second quarter of 2014. Lower raw material costs were the main contributing factor to the improved gross profit performance, as the prices for certain resins declined significantly in comparison to a year prior. Much of this decrease is passed on to customers as approximately 70 percent of the Company's revenues are indexed, whereby selling price adjustments related to raw material costs are reflected with a lag of approximately 90 days after the raw material costs change. To date, market conditions have not dictated any significant selling price adjustments for non-indexed accounts. Combined with a more favorable product mix in the quarter, the improved gross profit margins contributed 9.0 cents in earnings per share in the second quarter of 2015 versus the comparable 2014 period.

For the first six months of 2015, gross profit margins of 32.2 percent of revenue surpassed the prior year-to-date level of 27.5 percent by 4.7 percentage points. As with the results for the quarter, the enlarged spread between raw material costs and selling prices due to a decline in raw material prices was the main contributing factor to the improved gross profit margins and resulted in an addition of 18.0 cents to earnings per share in relation to the first half of 2014.

For reference, the following presents the weighted indexed purchased cost of Winpak's eight primary raw materials in the reported quarter and each of the preceding eight quarters, where base year 2001 = 100. The index was rebalanced as of December 29, 2014 to reflect the mix of the eight primary raw materials purchased in 2014.

| Quarter and Year | 2/15 | 1/15 | 4/14 | 3/14 | 2/14 | 1/14 | 4/13 | 3/13 | 2/13 |
|---|---|---|---|---|---|---|---|---|---|
| Purchase Price Index | 152.1 | 156.9 | 175.1 | 176.2 | 178.1 | 178.7 | 175.0 | 173.2 | 173.5 |

The purchase price index fell an additional 3.1 percent in the quarter in comparison to the first quarter of 2015. In the last 12 months, the index has declined by an average of 14.6 percent. The change in resin pricing has not been uniform across all materials as some specialty resins have remained stable while certain commodity resins have decreased by as much as 30 percent. Toward the latter half of the second quarter and entering into the third quarter, the prices for certain resins have reversed course and begun to escalate including polyethylene, which is the most widely used resin within the Company. However, to date, the price hikes have been moderate and the future direction appears to be fairly stable although this cannot be predicted with any degree of certainty.

*Expenses and Other*

Operating expenses in total decreased in the second quarter of 2015 while sales volumes increased when compared to the corresponding period of 2014, resulting in an improvement of 1.0 cent in earnings per share. During the current quarter, the Company extinguished the liability related to its prior withdrawal from a US multiemployer defined benefit pension plan at an amount which resulted in a pre-tax gain of $1.8 million. Additionally, lower freight costs as a result of reduced fuel surcharges also contributed to the decline in operating expenses. This was partially offset by a reduction in 2014 second quarter operating expenses caused by a gain on settlement of a customer product liability claim at an amount that was lower than what had been reserved. A lower effective income tax rate in the current quarter, due in part to a larger proportion of earnings being realized in lower income tax rate jurisdictions, increased earnings per share by a further 0.5 cents. The weaker Canadian dollar in the second quarter of 2015 versus 2014 was the main catalyst behind a 1.0 cent improvement in earnings per share due to foreign exchange as Canadian dollar expenses exceeded revenues in that currency. Lastly, earnings per share were negatively impacted by 1.0 cent as a greater proportion of earnings attributable to non-controlling interests was realized in the second quarter of 2015 versus the prior year period.

After adjusting for foreign exchange, operating expenses for the first six months of 2015 advanced at a slightly greater rate than the corresponding increase in sales volumes, resulting in a reduction in earnings per share of 0.5 cents in comparison to the first half of 2014. Higher general and administrative expenses were the main cause due in part to greater share-based compensation costs and increased bad debt reserves. A greater proportion of earnings attributable to non-controlling interests in the first half of the year further reduced earnings per share by 1.0 cent. More than offsetting these two reductions was the favorable impact of foreign exchange on earnings per share of 2.5 cents. In relation to the first six months of 2014, the lower average value of the Canadian dollar in 2015 versus its US counterpart resulted in a positive effect on earnings when the Company's net Canadian dollar expenses were converted into US funds.

*Summary of Quarterly Results*

Thousands of US dollars, except per share amounts (US cents)

| | Q2 2015 | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 198,257 | 199,440 | 206,269 | 192,982 | 199,426 | 188,077 | 187,964 | 179,926 |
| Net income attributable to equity holders of the Company | 26,845 | 22,463 | 23,343 | 19,448 | 19,406 | 16,163 | 20,951 | 17,362 |
| EPS | 41 | 35 | 36 | 30 | 30 | 25 | 32 | 27 |

*Capital Resources, Cash Flow and Liquidity*

The Company's cash and cash equivalents balance finished the second quarter of 2015 at $189.5 million, an increase of $27.0 million from the end of the previous quarter. Winpak continued to generate strong and consistent cash flows from operating activities before changes in working capital of $46.7 million, outperforming the second quarter of 2014 by $11.8 million. Cash was also provided by working capital reductions in the amount of $6.0 million. Cash was utilized for the extinguishment of the multiemployer defined benefit pension plan withdrawal liability in the amount of $4.5 million, plant and equipment additions of $9.5 million, income tax payments of $9.4 million, dividends to equity holders of the Company of $1.5 million, and other items totalling $0.8 million.

For the first half of 2015, the cash and cash equivalents balance climbed by $45.8 million to $189.5 million on the strong cash flow generated from operating activities before changes in working capital of $88.0 million. This represented an improvement of $22.7 million from the first six months of the prior year and was further aided by a reduction in working capital of $2.7 million year-to-date. Cash was used for plant and equipment additions of $22.3 million, income tax payments of $13.1 million, the retirement of the multiemployer defined benefit pension plan withdrawal liability of $4.5 million, dividends to equity holders of the Company of $3.2 million, employee defined benefit plan contributions of $1.2 million and other items totalling $0.6 million. The company remains debt-free and has unutilized operating lines of $38 million, with the ability to increase borrowing capacity further should the need arise.

*Looking Forward*

The Company remains optimistic in regard to revenue growth and earnings performance for the balance of the year. Although volume growth took a pause in the second quarter of the year in certain product groups compared to prior quarters, the second half of the year should witness further improvement provided that new revenue opportunities currently in various stages of development continue to progress as anticipated. Assuming raw material prices remain near current levels, gross profit margins should continue to be elevated in the second half of the year in relation to historical norms but will likely decline by approximately 1 to 2 percentage points from those experienced in the second quarter as indexed selling prices will see further reductions. Manufacturing performance should continue to improve in areas where new capacity was more recently added while those areas where capacity is currently constrained, particularly modified atmosphere packaging, will be challenged to fulfill demand and will likely incur extra costs in doing so until new capacity is installed. The continued weakness in the Canadian dollar versus its US counterpart, while reducing reported revenues, will increase earnings as Canadian dollar denominated costs exceed Canadian revenues. Capital spending for 2015 continues to be on pace at a $55 to $65 million level with a focus on expanding capacity in extrusion and converting. The Company will also continue to pursue acquisition opportunities, at a reasonable price, that correspond to Winpak's core competencies in sophisticated packaging for food, beverage and healthcare applications.

*Future Changes to Accounting Standards*

As more fully described in Note 3 to the Condensed Consolidated Financial Statements, two new accounting standards have been issued, IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". IFRS 9 and IFRS 15 are effective for annual periods beginning on or after January 1, 2018 and January 1, 2017 respectively. The Company is currently assessing the impact of these new standards and does not intend to early adopt these standards in its consolidated financial statements. In addition, amendments to the existing standards IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible Assets", and IAS 1 "Presentation of Financial Statements" were issued and are effective for annual periods beginning on or after January 1, 2016. The amendments to IAS 16 and IAS 38 are not expected to have any impact on the Company's consolidated financial statements. The Company is currently assessing the impact of the amendments to IAS 1 and does not intend to early adopt amended IAS 1 in its consolidated financial statements.

*Controls and Procedures*

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of June 28, 2015 to provide reasonable assurance that the information being disclosed is recorded, summarized and reported as required.

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of the controls and procedures. Management used the Internal Control – Integrated Framework published by the Committee of Sponsoring

Organizations of the Treadway Commission (COSO 2013) as the control framework in designing its internal controls over financial reporting. Based on management's design of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of June 28, 2015 to provide reasonable assurance that the financial information being reported is materially accurate. During the second quarter ended June 28, 2015, there have been no changes to the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Winpak Ltd.
Interim Condensed Consolidated Financial Statements
Second Quarter Ended: June 28, 2015

These interim condensed consolidated financial statements have not been audited or reviewed by the Company's independent external auditor, KPMG LLP.

Winpak Ltd.
Condensed Consolidated Balance Sheets
*(thousands of US dollars) (unaudited)*

| | Note | June 28 2015 | December 28 2014 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | | 189,515 | 143,761 |
| Trade and other receivables | 12 | 106,499 | 112,454 |
| Income taxes receivable | | 480 | 2,873 |
| Inventories | 4 | 99,799 | 100,586 |
| Prepaid expenses | | 5,295 | 4,344 |
| Derivative financial instruments | | 144 | - |
| | | 401,732 | 364,018 |
| **Non-current assets:** | | | |
| Property, plant and equipment | 7 | 354,484 | 348,002 |
| Intangible assets | 7 | 14,914 | 15,068 |
| Employee benefit plan assets | | 5,264 | 5,249 |
| Deferred tax assets | | 1,696 | 1,990 |
| | | 376,358 | 370,309 |
| Total assets | | 778,090 | 734,327 |
| **Equity and Liabilities** | | | |
| **Current liabilities:** | | | |
| Trade payables and other liabilities | | 65,889 | 69,098 |
| Provisions | 5 | - | 427 |
| Income taxes payable | | 3,719 | 690 |
| Derivative financial instruments | | 783 | 875 |
| | | 70,391 | 71,090 |
| **Non-current liabilities:** | | | |
| Employee benefit plan liabilities | | 8,687 | 7,673 |
| Deferred income | | 14,435 | 14,831 |
| Provisions | 5 | 760 | 6,571 |
| Deferred tax liabilities | | 35,682 | 32,775 |
| | | 59,564 | 61,850 |
| Total liabilities | | 129,955 | 132,940 |
| **Equity:** | | | |
| Share capital | | 29,195 | 29,195 |
| Reserves | | (479) | (641) |
| Retained earnings | | 601,874 | 555,697 |
| Total equity attributable to equity holders of the Company | | 630,590 | 584,251 |
| Non-controlling interests | | 17,545 | 17,136 |
| Total equity | | 648,135 | 601,387 |
| Total equity and liabilities | | 778,090 | 734,327 |

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.
Condensed Consolidated Statements of Income
*(thousands of US dollars, except per share amounts) (unaudited)*

| | Note | Quarter Ended June 28 2015 | Quarter Ended June 29 2014 | Year-To-Date Ended June 28 2015 | Year-To-Date Ended June 29 2014 |
|---|---|---|---|---|---|
| Revenue | | 198,257 | 199,426 | 397,697 | 387,503 |
| Cost of sales | | (133,042) | (144,072) | (269,511) | (280,941) |
| Gross profit | | 65,215 | 55,354 | 128,186 | 106,562 |
| Sales, marketing and distribution expenses | | (14,781) | (15,889) | (29,863) | (31,155) |
| General and administrative expenses | | (7,213) | (5,875) | (16,180) | (13,521) |
| Research and technical expenses | | (4,047) | (4,004) | (7,746) | (7,356) |
| Pre-production expenses | | (88) | (251) | (434) | (251) |
| Other income (expenses) | 6 | 1,207 | (323) | 3 | (1,639) |
| Income from operations | | 40,293 | 29,012 | 73,966 | 52,640 |
| Finance income | | 86 | 113 | 171 | 264 |
| Finance expense | | (106) | (220) | (226) | (308) |
| Income before income taxes | | 40,273 | 28,905 | 73,911 | 52,596 |
| Income tax expense | | (12,634) | (9,367) | (23,548) | (16,602) |
| Net income for the period | | 27,639 | 19,538 | 50,363 | 35,994 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 26,845 | 19,406 | 49,308 | 35,569 |
| Non-controlling interests | | 794 | 132 | 1,055 | 425 |
| | | 27,639 | 19,538 | 50,363 | 35,994 |
| Basic and diluted earnings per share - cents | 9 | 41 | 30 | 76 | 55 |

Condensed Consolidated Statements of Comprehensive Income
*(thousands of US dollars) (unaudited)*

| | Note | Quarter Ended June 28 2015 | Quarter Ended June 29 2014 | Year-To-Date Ended June 28 2015 | Year-To-Date Ended June 29 2014 |
|---|---|---|---|---|---|
| Net income for the period | | 27,639 | 19,538 | 50,363 | 35,994 |
| Items that will not be reclassified to the statements of income: | | | | | |
| Cash flow hedge losses recognized | | (43) | - | (43) | - |
| Income tax effect | | - | - | - | - |
| | | (43) | - | (43) | - |
| Items that are or may be reclassified subsequently to the statements of income: | | | | | |
| Cash flow hedge gains (losses) recognized | | 621 | 709 | (947) | (178) |
| Cash flow hedge losses transferred to the statements of income | 6 | 667 | 587 | 1,226 | 1,269 |
| Income tax effect | | (344) | (346) | (74) | (292) |
| | | 944 | 950 | 205 | 799 |
| Other comprehensive income for the period - net of income tax | | 901 | 950 | 162 | 799 |
| Comprehensive income for the period | | 28,540 | 20,488 | 50,525 | 36,793 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 27,746 | 20,356 | 49,470 | 36,368 |
| Non-controlling interests | | 794 | 132 | 1,055 | 425 |
| | | 28,540 | 20,488 | 50,525 | 36,793 |

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.
Condensed Consolidated Statements of Changes in Equity
*(thousands of US dollars) (unaudited)*

| | | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Share capital | Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
| Balance at December 30, 2013 | | 29,195 | (661) | 547,891 | 576,425 | 16,188 | 592,613 |
| Comprehensive income for the period | | | | | | | |
| Cash flow hedge losses, net of tax | | - | (130) | - | (130) | - | (130) |
| Cash flow hedge losses transferred to the statements of income, net of tax | | - | 929 | - | 929 | - | 929 |
| Other comprehensive income | | - | 799 | - | 799 | - | 799 |
| Net income for the period | | - | - | 35,569 | 35,569 | 425 | 35,994 |
| Comprehensive income for the period | | - | 799 | 35,569 | 36,368 | 425 | 36,793 |
| Dividends | 8 | - | - | (62,109) | (62,109) | (344) | (62,453) |
| Balance at June 29, 2014 | | 29,195 | 138 | 521,351 | 550,684 | 16,269 | 566,953 |
| Balance at December 29, 2014 | | 29,195 | (641) | 555,697 | 584,251 | 17,136 | 601,387 |
| Comprehensive income for the period | | | | | | | |
| Cash flow hedge losses, net of tax | | - | (737) | - | (737) | - | (737) |
| Cash flow hedge losses transferred to the statements of income, net of tax | | - | 899 | - | 899 | - | 899 |
| Other comprehensive income | | - | 162 | - | 162 | - | 162 |
| Net income for the period | | - | - | 49,308 | 49,308 | 1,055 | 50,363 |
| Comprehensive income for the period | | - | 162 | 49,308 | 49,470 | 1,055 | 50,525 |
| Dividends | 8 | - | - | (3,131) | (3,131) | (646) | (3,777) |
| Balance at June 28, 2015 | | 29,195 | (479) | 601,874 | 630,590 | 17,545 | 648,135 |

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.
Condensed Consolidated Statements of Cash Flows
*(thousands of US dollars) (unaudited)*

| | Note | Quarter Ended June 28 2015 | Quarter Ended June 29 2014 | Year-To-Date Ended June 28 2015 | Year-To-Date Ended June 29 2014 |
|---|---|---|---|---|---|
| Cash provided by (used in): | | | | | |
| Operating activities: | | | | | |
| Net income for the period | | 27,639 | 19,538 | 50,363 | 35,994 |
| Items not involving cash: | | | | | |
| Depreciation | | 8,190 | 7,742 | 16,174 | 15,332 |
| Amortization - deferred income | | (406) | (520) | (798) | (879) |
| Amortization - intangible assets | | 144 | 129 | 299 | 263 |
| Employee defined benefit plan expenses | | 749 | 938 | 1,725 | 1,833 |
| Multiemployer defined benefit pension plan withdrawal liability settlement gain | 5, 6 | (1,815) | - | (1,815) | - |
| Net finance expense | | 20 | 107 | 55 | 44 |
| Income tax expense | | 12,634 | 9,367 | 23,548 | 16,602 |
| Other | | (435) | (2,411) | (1,558) | (3,892) |
| Cash flow from operating activities before the following | | 46,720 | 34,890 | 87,993 | 65,297 |
| Change in working capital: | | | | | |
| Trade and other receivables | | 3,701 | (5,038) | 5,955 | (9,391) |
| Inventories | | (2,344) | (7,931) | 787 | (7,424) |
| Prepaid expenses | | (19) | (26) | (951) | (1,954) |
| Trade payables and other liabilities | | 4,665 | 1,118 | (3,117) | 6,837 |
| Provisions | | (4,503) | (1) | (4,467) | (25) |
| Employee defined benefit plan contributions | | (90) | (317) | (1,168) | (3,141) |
| Income tax paid | | (9,370) | (9,458) | (13,084) | (12,609) |
| Interest received | | 66 | 42 | 128 | 129 |
| Interest paid | | (8) | (135) | (15) | (138) |
| Net cash from operating activities | | 38,818 | 13,144 | 72,061 | 37,581 |
| Investing activities: | | | | | |
| Acquisition of property, plant and equipment - net | | (9,462) | (9,527) | (22,266) | (21,692) |
| Acquisition of intangible assets | | (114) | (175) | (169) | (362) |
| | | (9,576) | (9,702) | (22,435) | (22,054) |
| Financing activities: | | | | | |
| Dividends paid | 8 | (1,548) | (1,763) | (3,226) | (62,102) |
| Dividend paid to non-controlling interests in subsidiary | | (646) | (344) | (646) | (344) |
| | | (2,194) | (2,107) | (3,872) | (62,446) |
| Change in cash and cash equivalents | | 27,048 | 1,335 | 45,754 | (46,919) |
| Cash and cash equivalents, beginning of period | | 162,467 | 112,836 | 143,761 | 161,090 |
| Cash and cash equivalents, end of period | | 189,515 | 114,171 | 189,515 | 114,171 |

See accompanying notes to condensed consolidated financial statements.

## 1. General

Winpak Ltd. is incorporated under the Canada Business Corporations Act. The Company manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the packaging of perishable foods, beverages and in healthcare applications. The address of the Company's registered office is 100 Saulteaux Crescent, Winnipeg, Manitoba, Canada R3J 3T3.

## 2. Basis of Presentation

The unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 28, 2014. The unaudited interim condensed consolidated financial statements are in compliance with IAS 34. Accordingly, certain information and note disclosure normally included in annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) have been omitted or condensed. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 28, 2014, which are included in the Company's 2014 Annual Report.

The fiscal year of the Company ends on the last Sunday of the calendar year. As a result, the Company's fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. The 2015 and 2014 fiscal years are both comprised of 52 weeks and each quarter of 2015 and 2014 are comprised of 13 weeks.

The unaudited interim condensed consolidated financial statements were approved by the Audit Committee on behalf of the Board of Directors on July 23, 2015.

## 3. Future Accounting Standards

*(a) Financial Instruments:*
IFRS 9 "Financial Instruments" was issued in November 2009, introducing new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. IFRS 9, which has yet to be adopted, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. With regard to the measurement of financial liabilities designated as fair value through profit or loss, IFRS 9 requires that the amount of the change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the statement of income. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the statement of income. Previously, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in the statement of income. In November 2013, a new general hedge accounting standard was issued, forming part of IFRS 9. It will more closely align with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Another revised version of IFRS 9 was issued in July 2014 mainly to include i) impairment requirements for financial assets and ii) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of this new standard and does not intend to early adopt IFRS 9 in its consolidated financial statements.

*(b) Revenue From Contracts With Customers:*
IFRS 15 "Revenue From Contracts With Customers" was issued in May 2014, specifying the steps and timing for recognizing revenue. The new standard also requires more informative, relevant disclosures. IFRS 15 supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue", as well as various IFRIC and SIC interpretations regarding revenue. IFRS 15 is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of this new standard and does not intend to early adopt IFRS 15 in its consolidated financial statements.

*(c) Property, Plant and Equipment and Intangibles:*
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" were issued in May 2014, prohibiting the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively. The Company does not expect the amendments to have any impact on its consolidated financial statements.

*(thousands of US dollars, unless otherwise indicated) (Unaudited)*

*(d) Financial Statement Presentation:*
Amendments to IAS 1 "Presentation of Financial Statements" were issued in December 2014 as part of the IASB's major initiative to improve presentation and disclosure in financial reports. These amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company is currently assessing the impact of these amendments.

## 4. Inventories

| | June 28 2015 | December 28 2014 |
|---|---|---|
| Raw materials | 30,257 | 31,851 |
| Work-in-process | 17,335 | 18,466 |
| Finished goods | 45,606 | 44,130 |
| Spare parts | 6,601 | 6,139 |
| | 99,799 | 100,586 |

During the second quarter of 2015, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $1,927 (2014 - $1,781) and reversals of previously written-down items of $490 (2014 - $315). On a year-to-date basis, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $5,466 (2014 - $3,531) and reversals of previously written-down items of $1,736 (2014 - $1,609).

## 5. Provisions

| | Multiemployer Withdrawal Liability | Asset Retirement Obligations | Total |
|---|---|---|---|
| Balance at December 29, 2014 | | | |
| Current liabilities | 427 | - | 427 |
| Non-current liabilities | 5,811 | 760 | 6,571 |
| | 6,238 | 760 | 6,998 |
| 2015 Annual activity | | | |
| Payments | (4,609) | - | (4,609) |
| Finance expense - unwinding of discount | 44 | - | 44 |
| Reversals | (1,815) | - | (1,815) |
| Change in discount rates | 142 | - | 142 |
| Balance at June 28, 2015 | - | 760 | 760 |
| At June 28, 2015 | | | |
| Current liabilities | - | - | - |
| Non-current liabilities | - | 760 | 760 |
| | - | 760 | 760 |

The Company participated in one multiemployer defined benefit pension plan providing benefits to certain unionized employees in the US. The Company withdrew from the plan in 2011. Pursuant to US federal legislation, an employer who withdraws from a plan with unfunded vested benefits is responsible for a share of that underfunding. As a consequence of withdrawing from the plan, the Company was required to make monthly payments at a constant dollar value of $36, or $427 on an annual basis, until 2032. During the second quarter of 2015, the Company reached a Settlement and Release Agreement with the trustee of the plan, whereby the remaining withdrawal liability was settled with a lump sum payment of $4,466. As a result of the settlement, the Company reversed the residual balance pertaining to the liability and recorded a gain of $1,815. This amount was reflected within other income (expenses). See note 6.

## 6. Other Income (Expenses)

| | Quarter Ended | | Year-To-Date Ended | |
|---|---|---|---|---|
| | June 28 | June 29 | June 28 | June 29 |
| Amounts shown on a net basis | 2015 | 2014 | 2015 | 2014 |
| Foreign exchange gain (loss) | 59 | 370 | (444) | (181) |
| Cash flow hedge losses transferred from other comprehensive income | (667) | (587) | (1,226) | (1,269) |
| Multiemployer defined benefit pension plan withdrawal liability settlement gain | 1,815 | - | 1,815 | - |
| Multiemployer defined benefit pension plan withdrawal liability expense - change in discount rates | - | (106) | (142) | (189) |
| | 1,207 | (323) | 3 | (1,639) |

## 7. Property, Plant and Equipment and Intangible Assets

At June 28, 2015, the Company has commitments to purchase plant and equipment of $15,885 (2014 - $9,260). No impairment losses or impairment reversals were recognized during the year-to-date period ended June 28, 2015 or June 29, 2014.

## 8. Dividends

During the second quarter of 2015, dividends in Canadian dollars of 3 cents per common share were declared (2014 - 3 cents) and on a year-to-date basis, 6 cents per common share were declared (2014 - 6 cents). In addition, in the prior year, the Company paid a special dividend of one Canadian dollar per common share on March 20, 2014.

## 9. Earnings Per Share

| | Quarter Ended | | Year-To-Date Ended | |
|---|---|---|---|---|
| | June 28 | June 29 | June 28 | June 29 |
| | 2015 | 2014 | 2015 | 2014 |
| Net income attributable to equity holders of the Company | 26,845 | 19,406 | 49,308 | 35,569 |
| Weighted average shares outstanding (000's) | 65,000 | 65,000 | 65,000 | 65,000 |
| Basic and diluted earnings per share - cents | 41 | 30 | 76 | 55 |

## 10. Determination of Fair Values

The Company measures assets and liabilities under the following fair value hierarchy in accordance with IFRS. The different levels have been defined as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - inputs that are not based on observable market data.

The fair value of cash and cash equivalents, trade and other receivables, trade payables and other liabilities approximate their carrying value because of the short-term maturity of these instruments. The fair value of foreign currency forward contracts, designated as cash flow hedges, have been determined by valuing those contracts to market against prevailing forward foreign exchange rates as at the reporting date.

The following table presents assets and liabilities within the fair value hierarchy:

| Financial Assets (Liabilities) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| <u>At June 28, 2015</u> | | | | |
| Foreign currency forward contracts - net | - | (639) | - | (639) |
| <u>At December 28, 2014</u> | | | | |
| Foreign currency forward contracts - net | - | (875) | - | (875) |

## 11. Financial Instruments

When the Company has a legally enforceable right to set off supplier rebates receivable against supplier trade payables and intends to settle the amount on a net basis or simultaneously, the balance is presented as an offset within Trade Payables and Other Liabilities on the condensed consolidated balance sheet. At June 28, 2015, the supplier rebate receivable balance that was offset was $3,896 (December 28, 2014 - $5,109).

## 12. Financial Risk Management

In the normal course of business, the Company has risk exposures consisting primarily of foreign exchange risk, interest rate risk, commodity price risk, liquidity risk, and credit risk. The Company manages its risks and risk exposures through a combination of derivative financial instruments, insurance, a system of internal and disclosure controls and sound business practices. The Company does not purchase any derivative financial instruments for speculative purposes.

Financial risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.

*Foreign Exchange Risk*
Translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in other income (expenses). As a result of the Company's CDN dollar net liability monetary position as at June 28, 2015, a one-cent change in the period-end foreign exchange rate from 0.8120 to 0.8020 (CDN to US dollars) would have increased net income by $7 for the second quarter of 2015. Conversely, a one-cent change in the period-end foreign exchange rate from 0.8120 to 0.8220 (CDN to US dollars) would have decreased net income by $7 for the second quarter of 2015.

The Company's Foreign Exchange Policy requires that between 50 and 80 percent of the Company's net requirement of CDN dollars for the ensuing 9 to 15 months will be hedged at all times with a combination of cash and cash equivalents and forward or zero-cost option foreign currency contracts. The Company may also enter into forward foreign currency contracts when equipment purchases will be settled in other foreign currencies. Transactions are only conducted with certain approved Schedule I Canadian financial institutions. All foreign currency contracts are designated as cash flow hedges. Certain foreign currency contracts matured during the second quarter of 2015 and the Company realized pre-tax foreign exchange losses of $667 (year-to-date - realized foreign exchange losses of $1,226) which were recorded in other income (expenses). During the second quarter of 2014, the Company realized pre-tax foreign exchange losses of $587 (year-to-date - realized pre-tax foreign exchange losses of $1,269) which were recorded in other income (expenses).

As at June 28, 2015, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US $28.0 million at an average exchange rate of 1.2086 maturing between July 2015 and May 2016 and US to Euro dollar foreign currency forward contracts outstanding with a notional amount of US $1.5 million at an average rate of 0.8681 (US dollars to Euros) maturing between August 2015 and February 2016. The fair value of these financial instruments was negative $639 US and the corresponding unrealized loss has been recorded in other comprehensive income.

*Interest Rate Risk*
The Company's interest rate risk arises from interest rate fluctuations on the finance income that it earns on its cash invested in money market accounts and short-term deposits. The Company developed and implemented an investment policy, which was approved by the Company's Board of Directors, with the primary objective to preserve capital, minimize risk and provide liquidity. Regarding the June 28, 2015 cash and cash equivalents balance of $189.5 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by $1,895 annually.

*Commodity Price Risk*
The Company's manufacturing costs are affected by the price of raw materials, namely petroleum-based and natural gas-based plastic resins and aluminum. In order to manage its risk, the Company has entered into selling price-indexing programs with certain customers. Changes in raw material prices for these customers are reflected in selling price adjustments but there is a slight time lag. For the year-to-date period ended June 28, 2015, 69 percent of revenue was generated from customers with selling price-indexing programs. For all other customers, the Company's preferred practice is to match raw material cost changes with selling price adjustments, albeit with a slight time lag. This matching is not always possible, as customers react to selling price pressures related to raw material cost fluctuations according to conditions pertaining to their markets.

*Liquidity Risk*
Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come due. Management believes that the liquidity risk is low due to the strong financial condition of the Company. This risk assessment is based on the following: (a) cash and cash equivalents amounts of $189.5 million, (b) no outstanding bank loans, (c) unused credit facilities comprised of unsecured operating lines of $38 million, (d) the ability to obtain term-loan financing to fund an acquisition, if needed, (e) an informal investment grade credit rating, and (f) the Company's ability to generate positive cash flows from ongoing operations. Management believes that the Company's cash flows are more than sufficient to cover its operating costs, working capital requirements, capital expenditures and dividend payments in 2015. The Company's trade payables and other liabilities and derivative financial instrument liabilities are virtually all due within twelve months.

*(thousands of US dollars, unless otherwise indicated) (Unaudited)*

*Credit Risk*

The Company is exposed to credit risk from its cash and cash equivalents held with banks and financial institutions, derivative financial instruments (foreign currency forward contracts), as well as credit exposure to customers, including outstanding trade and other receivable balances.

The following table details the maximum exposure to the Company's counterparty credit risk which represents the carrying value of the financial asset:

| | June 28 2015 | December 28 2014 |
|---|---|---|
| Cash and cash equivalents | 189,515 | 143,761 |
| Trade and other receivables | 106,499 | 112,454 |
| Foreign currency forward contracts | 144 | - |
| | 296,158 | 256,215 |

Credit risk on cash and cash equivalents and other financial instruments arises in the event of non-performance by the counterparties when the Company is entitled to receive payment from the counterparty who fails to perform. The Company has established an investment policy to manage its cash. The policy requires that the Company manage its risk by investing its excess cash on hand on a short-term basis, up to a maximum of six months, with several financial institutions and/or governmental bodies that must be 'AA' rated or higher by a recognized international credit rating agency or insured 100 percent by the US government or a 'AAA' rated CDN federal or provincial government. The Company manages its counterparty risk on its financial instruments by only dealing with CDN Schedule I financial institutions.

In the normal course of business, the Company is exposed to credit risk on its trade and other receivables from customers. To mitigate such risk, the Company performs ongoing customer credit evaluations and assesses their credit quality by taking into account their financial position, past experience and other pertinent factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases insures trade and other receivables against credit losses.

As at June 28, 2015, the Company believes that the credit risk for trade and other receivables is mitigated due to the following: a) a broad customer base which is dispersed across varying market sectors and geographic locations, b) 98 percent of the gross trade and other receivables balance is within 30 days of the agreed upon payment terms with customers, and c) 25 percent of the trade and other receivables balance is insured against credit losses. The Company's exposure to the ten largest customer balances, on aggregate, accounted for 41 percent of the total trade and other receivables balance.

The carrying amount of trade and other receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income within general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the statement of income.

The following table sets out the aging details of the Company's trade and other receivables balances outstanding based on the status of the receivable in relation to when the receivable was due and payable and related allowance for doubtful accounts:

| | June 28 2015 | December 28 2014 |
|---|---|---|
| Current - neither impaired nor past due | 88,257 | 86,703 |
| Not impaired but past the due date: | | |
| Within 30 days | 17,141 | 21,298 |
| 31 - 60 days | 1,053 | 4,019 |
| Over 60 days | 1,217 | 1,134 |
| | 107,668 | 113,154 |
| Less: Allowance for doubtful accounts | (1,169) | (700) |
| Total trade and other receivables, net | 106,499 | 112,454 |

*(thousands of US dollars, unless otherwise indicated) (Unaudited)*

## 13. Segment Reporting

The Company operates in one reportable segment being the manufacture and sale of packaging materials. The Company operates principally in Canada and the United States. The following summary presents key information by geographic segment:

| | United States | Canada | Other | Consolidated |
|---|---|---|---|---|
| **For The Quarter Ended June 28, 2015** | | | | |
| Revenue | 159,469 | 26,015 | 12,773 | 198,257 |
| Property, plant and equipment and intangible assets | 170,832 | 197,282 | 1,284 | 369,398 |
| **For The Quarter Ended June 29, 2014** | | | | |
| Revenue | 160,071 | 26,719 | 12,636 | 199,426 |
| Property, plant and equipment and intangible assets | 155,357 | 196,243 | 1,379 | 352,979 |
| **For The Year-To-Date Period Ended June 28, 2015** | | | | |
| Revenue | 324,125 | 48,808 | 24,764 | 397,697 |
| **For The Year-To-Date Period Ended June 29, 2014** | | | | |
| Revenue | 312,310 | 50,902 | 24,291 | 387,503 |

## 14. Seasonality

The Company experiences seasonal variation in revenue, with revenue typically being the highest in the second and fourth quarters, and lowest in the first quarter.