WINPAK

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 common shareholders for the first quarter of 2014 amounted to $16.2 million or 25 cents in earnings per share compared to $16.0 million or 25 cents per share in the corresponding quarter of 2013, an increase of 1.1 percent. Organic revenue growth elevated earnings per share by 3 cents but was entirely offset by lower gross profit margins. Furthermore, savings generated by restraint in the growth rate of operating expenses, which contributed 1 cent in earnings per share, were largely offset by a greater proportion of earnings attributable to non-controlling interests, leaving earnings per share unchanged from the prior year first quarter.

Revenue

Revenue growth in the first three months of 2014 was vibrant, reaching a quarterly high of $188.1 million, an increase of $18.1 million or 10.7 percent over the first quarter of 2013. Volumes advanced by a solid 10.9 percent over the prior year comparable quarter as growth was widespread across many of the Company's product groups. Both rigid container and biaxially oriented nylon film volumes eclipsed the 2013 first quarter by just over 20 percent with the former experiencing gains in yogurt, condiment and specialty beverage containers. Following closely behind was the lidding product group where momentum picked up in die-cut lids for greek yogurt, condiment, retort and specialty beverage applications. Improved growth was experienced in modified atmosphere packaging which advanced in the upper-single digit percentage range. Packaging machinery volumes were virtually on par with the strong performance experienced in the first quarter of 2013 while specialty film volumes fell by over 10 percent. The latter was impacted by two plant shutdowns caused by two major winter storms which paralyzed the Atlanta region during the quarter. Selling price/mix changes had a favorable impact of 0.9 percent on revenues for the quarter while foreign exchange, due to a weakening in the Canadian dollar, decreased revenues in the quarter by 1.1 percent in comparison to the first quarter of 2013.

Gross profit margins

Gross profit margins for the quarter at 27.2 percent fell short of the 28.8 percent of revenue recorded in the first quarter of 2013. A narrowing of the spread between raw material costs and selling prices was caused by a combination of a less favorable product mix, raw material cost increases and isolated competitive pressures on selling prices. This, along with higher manufacturing costs, resulted in a reduction in earnings per share of 3 cents. Fixed manufacturing costs were impacted by recently added but under-utilized capacity and heightened waste levels were experienced with new products and processes.

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 30, 2013 to reflect the mix of the eight primary raw materials purchased in 2013.

Quarter and Year	1/14	4/13	3/13	2/13	1/13	4/12	3/12	2/12	1/12
Purchase Price Index	178.7	175.0	173.2	173.5	176.5	170.6	167.3	174.5	174.7

The purchase price index hit its highest level in the past two years, escalating by 2.1 percent as compared to the fourth quarter of 2013. Polypropylene, polystyrene and polyethylene resin prices advanced by more than the index in the past quarter while other material costs were more stable.

Expenses and Other

Operating expenses in total, adjusted for foreign exchange, increased by just under 6 percent while volumes advanced by nearly 11 percent in the quarter when compared to the same period in 2013. The net result was an improvement to earnings per share of approximately 1 cent. Higher freight and distribution costs in the first quarter of 2014 were more than offset by the absence of pre-production expenses, tax incentives related to the Company's research and development activities, and lower selling, general and administrative costs. However, a larger proportion of earnings attributable to non-controlling interests decreased earnings per share by 1 cent. Income taxes and foreign exchange were both in line with the first quarter of 2013 and had no effect on earnings per share for the current three-month period compared to the equivalent timeframe in the prior year. The weaker Canadian dollar had a positive impact on earnings as expenses exceed revenues in that currency but these gains were offset entirely by losses incurred on the maturation of foreign exchange contracts that form part of the Company's foreign exchange hedging policy.

Summary of Quarterly Results

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

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012*	Q3 2012*	Q2 2012*
Revenue	188,077	187,964	179,926	177,032	169,949	173,226	165,399	159,648
Net income attributable to equity holders of the Company	16,163	20,951	17,362	17,095	15,989	22,071	16,783	15,850
EPS	25	32	27	26	25	34	26	25

*Amounts have been restated to reflect the retrospective impact of amended IAS 19 "Employee Benefits", which included an increase in net finance expense due to the reduction in the expected return on defined benefit pension plan assets and an increase in general and administrative expenses following the reclassification of certain plan administration costs.

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the first quarter at $112.8 million, a decline of $48.3 million from the end of 2013. Winpak declared and paid a special dividend of $58.5 million ($65.0 million Canadian) in the quarter. In addition, cash was utilized for plant and equipment additions of $12.2 million, income tax payments of $3.2 million, employee defined benefit plan payments of $2.8 million, a regular quarterly dividend of $1.8 million and other items totalling $0.1 million. The Company continued to generate strong and consistent cash flows from operating activities before changes in working capital of $30.4 million, an improvement of $1.3 million from the prior year first quarter. Working capital in total was virtually unchanged, increasing by just $0.1 million.

Looking Forward

Building upon the strength of first quarter volume growth exceeding 10 percent and a solid performance in 2013, the Company continues to view 2014 with optimism. New revenue generation and manufacturing performance improvement will remain the prime areas of focus for the entire organization for the balance of the year. A number of significant opportunities are in the sales pipeline; however, the timing for conversion of these into future revenues remains uncertain as customers' protocols for new supply will govern the process. In the near term, raw material costs are expected to remain fairly stable overall in terms of pricing and supply. Gross profit margins should also continue near existing levels for the immediate future, subject to the timing of new customer additions and hence the fill rate of recently added production capacity. In addition, competitive forces could impact selling prices for existing products or anticipated prices for new Company product initiatives. Capital spending is still expected to be in the $50 to $60 million range for the year and will be geared to expanding on existing capabilities in extrusion and converting. With the recent special dividend of nearly $60 million paid in the first quarter, the Company is still left with sufficient cash to execute a significant acquisition should the right opportunity present itself. In this regard, the Company will continue to pursue acquisition opportunities in Winpak's core competencies in sophisticated food and health-care packaging while remaining committed to organic growth through capital investment.

Future Changes to Accounting Standards

As more fully described in Note 4 to the Condensed Consolidated Financial Statements, a new accounting standard, IFRS 9 "Financial Instruments", has been issued but the effective date has not yet been determined by the IASB. The Company is currently assessing the impact of this new standard on its consolidated financial statements and does not intend to early adopt this standard in its consolidated financial statements for the annual period beginning on December 29, 2014.

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 March 30, 2014 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 1992) 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 March 30, 2014 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 30, 2014, 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.