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 equity holders of the Company for the fourth quarter of 2014 ascended to $23.3 million or 36 cents in earnings per share compared to $21.0 million or 32 cents per share in the corresponding quarter of 2013, an increase of 11.4 percent and represented the strongest quarterly earnings performance in Winpak's history. Appreciable organic volume growth drove earnings per share upward by 3.5 cents while a lower effective income tax rate provided an additional 0.5 cents in earnings per share.

For the year, net income attributable to equity holders of the Company ended 2014 at $78.4 million or $1.21 per share, surpassing the prior year result of $71.4 million or $1.10 per share by 9.8 percent. Volume growth in 2014 led the way, boosting earnings per share by 11.5 cents, and was further supplemented by curtailed growth in operating expenses which added a further 3.5 cents to earnings per share. Foreign exchange also had a negligible positive effect on 2014 annual earnings of 0.5 cents per share in comparison to the prior year. Offsetting these positive factors, to a limited extent, was a lower gross profit margin in 2014 versus the previous year which decreased earnings per share by 4.5 cents. The positive impact of a slightly lower income tax rate was essentially offset by a greater proportion of earnings allocated to non-controlling interests of approximately 0.5 cents in earnings per share each.

Revenue

Revenue in the final quarter of 2014 rose to $206.3 million, an increase of $18.3 million or 9.7 percent over the same period in 2013 and was the first time that quarterly revenues exceeded the $200 million plateau. Volume growth, for the Company as a whole, averaged 10.3 percent in the quarter compared to a year ago but was varied across the product groups. Rigid containers and corresponding lidding exhibited substantial growth, advancing just over 15 percent on a combined basis as condiment and specialty beverage packaging sales flourished. The modified atmosphere packaging product group also enjoyed solid volume expansion in the high single-digit percentage range with the addition of new customers as well as growth at existing customers in the core markets of processed meat and cheese. Biaxially oriented nylon volumes declined slightly in the low single-digit percentage range. Specialty film shipments retreated in the high single-digit percentage range where shrink bag revenues continued to move forward while business in the less sophisticated commodity-type films was more challenged. Packaging machinery and part sales ended the year strongly with volumes up by over 35 percent in comparison to the fourth quarter of 2013. Selling price/mix changes had a minor favorable effect on fourth quarter revenues of 0.3 percent while foreign exchange had a negative influence of 0.9 percent due to the fairly significant decline in the value of the Canadian dollar in comparison to its US counterpart in the current period versus the prior year fourth quarter.

Revenue ended the year at $786.8 million, improving upon 2013 by $71.9 million or a healthy 10.1 percent. Volume growth over the prior year was sizeable at 9.9 percent. With the exception of specialty films, all product group volumes advanced. Rigid container and lidding shipments led the way, expanding by 15 percent with strength exhibited in condiment, yogurt, specialty beverage and retort packaging. High single-digit percentage growth was evident in modified atmosphere packaging which was aided by an improved US economy and new customer additions. Packaging machinery followed up a strong 2013 with further gains in 2014 as volumes grew by more than 10 percent. Biaxially oriented nylon volumes advanced in the low single-digit percentage range while specialty film volumes were challenged and mirrored the fourth quarter results. Selling price/mix changes had a positive impact on revenue of 1.0 percent while foreign exchange had the opposite effect, reducing revenue by 0.8 percent.

Gross profit margins

Gross profit margins in the fourth quarter of 2014, at 29.8 percent of revenue, were comparable to the corresponding prior year quarter of 29.6 percent. Manufacturing performance began to show improvement in the quarter as capacity utilization increased and experience with new products and processes continued to build from previous quarters.

For the year, gross profit margins of 28.5 percent of revenue fell short of 2013 levels of 29.1 percent by 0.6 percentage points. This resulted in a decrease in earnings per share of 4.5 cents. Under-utilized capacity of major capital expenditures which came on stream toward the end of 2013 and elevated waste levels were the main factors causing a reduction in gross profit margins, particularly in the earlier part of the year. In addition, competitive conditions at certain customers compressed the spread between selling prices and raw material costs.

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	4/14	3/14	2/14	1/14	4/13	3/13	2/13	1/13	4/12
Purchase Price Index	175.1	176.2	178.1	178.7	175.0	173.2	173.5	176.5	170.6

The purchase price index fell slightly by 0.6 percent in the fourth quarter of 2014 versus the previous quarter and was virtually identical to the index from a year prior. In aggregate, cost stability has been the norm for the Company's mix of raw material purchases for the past two years as the index has only fluctuated by less than 3 percent around the mean during this time period. However, as the fourth quarter ended, with the collapse in oil prices, certain resins were experiencing marked declines in price.

Expenses and Other

Operating expenses in total, adjusted for foreign exchange, moved in concert with sales volumes for the quarter when compared to the fourth quarter of 2013, having no effect on earnings per share. Lower research and development tax credits in the current quarter versus a year ago and elevated share-based incentive costs as a result of the rapid rise in the Company's share price of nearly 20 percent in the quarter inflated operating expenses but were offset by lower selling expenses in the quarter, as a result of reduced freight and distribution costs. A lower effective income tax rate in the current quarter, due to a greater proportion of earnings being realized in lower income tax rate jurisdictions, contributed 0.5 cents to earnings per share. Foreign exchange had a net neutral effect on earnings per share for the fourth quarter compared to the corresponding period in 2013. The weaker Canadian dollar in the quarter versus the comparative period in 2013 had a positive impact on earnings of nearly 1.0 cent per share as expenses exceeded revenues in that currency. However, this was offset by foreign exchange losses on the translation of Canadian net monetary assets, as the Canadian dollar depreciated from the start to the end of the quarter versus its US counterpart.

For all of 2014, operating expenses, excluding foreign exchange, increased at a lower rate than the growth in sales volumes, resulting in an addition to earnings per share of 3.5 cents. Decreased pre-production expenses in 2014 and lower selling expenses as a percentage of revenue were the main contributors to the increase in earnings. In addition, in 2014, a lower effective income tax rate and foreign exchange each had a net positive impact on earnings per share of 0.5 cents when compared to the previous year. The lower average value of the Canadian dollar in 2014 in relation to the US currency and the resulting impact from converting the Company's net Canadian dollar expenses into US funds accounted for approximately 3.0 cents in additional earnings per share. However, this was mainly offset by a combination of foreign exchange losses on the translation of Canadian net monetary assets and the maturation of foreign exchange contracts that form part of the Company's foreign exchange hedging policy totalling 2.5 cents in earnings per share. A greater proportion of year-to-date earnings attributable to non-controlling interests in 2014 resulted in a decrease in earnings per share of approximately 0.5 cents.

Summary of Quarterly Results

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

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	206,269	192,982	199,426	188,077	187,964	179,926	177,032	169,949
Net income attributable to equity holders of the Company	23,343	19,448	19,406	16,163	20,951	17,362	17,095	15,989
EPS	36	30	30	25	32	27	26	25

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended 2014 at $143.8 million, a build of $13.3 million in the fourth quarter. Winpak continued to generate strong and consistent cash flows from operating activities before changes in working capital of $42.4 million, surpassing the final quarter of 2013 by a substantial $6.4 million due in large part to higher net income and non-cash depreciation. Cash was utilized to supplement working capital for $3.5 million, plant and equipment additions of $12.5 million, income tax payments of $10.6 million, dividends to equity holders of the Company of $1.7 million, employee defined benefit plan contributions of $0.5 million, and other items totalling $0.3 million.

For all of 2014, the cash and cash equivalents balance declined by $17.3 million, primarily due to the payment of a special dividend of $58.5 million ($65.0 million Canadian) in the first quarter of the year. Operating activities before changes in working capital generated cash flows of $145.4 million, an appreciation of $15.8 million or 12.2 percent from 2013. Working capital additions consumed $17.5 million, mainly to service larger sales volumes with higher accounts receivable and inventory levels. In addition, payment terms were extended for certain customers as part of contract renewal negotiations which further bolstered trade receivable levels. Cash was also used for plant and equipment expenditures of $48.1 million which were predominantly extrusion-related, income tax payments of $25.4 million, regular quarterly dividends of $7.2 million, employee defined benefit plan contributions of $5.1 million and other items totalling $0.9 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. As a result, Winpak is confident that sufficient financial resources are in place to meet all anticipated cash requirements in the foreseeable future.

Looking Forward

Following a strong finish to 2014, the Company is decidedly optimistic as it enters 2015. The momentum from the near double-digit volume growth experienced in 2014 should carry through to 2015 as opportunities in the sales pipeline come to fruition. New revenue generation will continue to be a main focus for the organization in the upcoming year as the Company pursues its billion dollar sales goal for 2016. At the close of 2014, oil prices were experiencing a sharp decline worldwide. This should translate into lower raw material prices for select resins, the effect of which should be felt beginning in the first quarter of 2015. With over two-thirds of the Company's revenues subject to price indexing whereby changes in raw material costs are reflected in subsequent selling prices with an approximate three-month lag, revenues will be negatively affected due to this particular factor. However, gross profit margins in percentage terms will increase as a result, and some expansion of gross profit dollars is also expected. If resin costs remain depressed for an extended period of time, it will further enhance the attractiveness of plastic packaging over other formats such as glass containers, paper packaging and metal cans and the result will be an increase in longer term demand for the type of packaging produced by the Company. Improved manufacturing performance will remain a focus for 2015 as revenue growth will increase capacity utilization for the new machinery more recently added and efficiencies should also rise. However, weighing on margins will be the challenges faced by certain areas of the business in 2015 where demand fulfillment may prove difficult until new planned capacity becomes available. The fall in the Canadian dollar versus its US equivalent, while reducing reported revenues, will increase bottom-line performance as Canadian dollar denominated costs exceed revenues in that currency. The effect on net income will be spread over time as foreign exchange hedges currently in place mature. Capital spending for 2015 is expected to be somewhat higher than 2014 in the $55 to $65 million range and will be focused on expansion of existing capabilities in extrusion and converting. The Company will actively 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. With the Company's solid financial footing, it has the resources necessary to complete a significant acquisition and still remain committed to substantial organic growth through capital investment.

Future Changes to Accounting Standards

As more fully described in Note 4 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 December 28, 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 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 December 28, 2014 to provide reasonable assurance that the financial information being reported is materially accurate. During the fourth quarter ended December 28, 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.