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 first quarter of 2015 amounted to $22.5 million or 35 cents in earnings per share versus the $16.2 million or 25 cents per share recorded in the comparable quarter of 2014, an increase of 39.0 percent. This represents the most successful first quarter in Winpak's history. Lower raw material costs in the quarter contributed to improved gross profit margins, adding 9.0 cents to earnings per share. Organic volume growth and favorable foreign exchange further augmented earnings per share by 1.5 cents each. Greater operating expenses and a higher effective income tax rate, on the other hand, reversed some of this improvement with a reduction in earnings per share of 1.5 cents and 0.5 cents respectively.

Revenue

Revenue in the first three months of 2015 rose to $199.4 million, an increase of $11.4 million or 6.0 percent over the corresponding period in 2014. Volume expansion was steady at 5.3 percent compared to the first quarter of 2014 but was varied across the product groups. Modified atmosphere packaging growth led the Company with volumes advancing in the low double-digit percentage range as a solid foothold was gained at some of North America's largest meat and cheese producing customers. Specialty film revenues also flourished as barrier film sales, including shrink bags, helped advance shipments in the high single-digit percentage range. Rigid container volumes increased in the mid single-digit percentage range as considerable growth in condiment, applesauce and specialty beverage packaging was partially offset by the loss of some low-margin yogurt business. Lidding experienced a slight decline while biaxially oriented nylon volumes fell in the high single-digit percentage range. Much of this decline appears to be timing related and improvement is expected in succeeding quarters. Packaging machinery and part sales had another strong quarter with volumes up by over 40 percent in comparison to the first three months of 2014. Selling price/mix changes had a favorable effect on quarterly revenues of 2.0 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 first quarter.

Gross profit margins

Gross profit margins expanded in the first quarter of 2015 to 31.6 percent of revenue compared to 27.2 percent in the corresponding prior year period. Falling raw material costs were the main contributing factor to the improved gross profit performance, as prices for petroleum and natural gas, from which resins are derived, declined significantly. Much of the substantial improvement in margins will be short-lived as over 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. In addition to the favorable impact of lower raw material costs, gross profit margins were also favorably impacted by improved product mix.

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	1/15	4/14	3/14	2/14	1/14	4/13	3/13	2/13	1/13
Purchase Price Index	156.9	175.1	176.2	178.1	178.7	175.0	173.2	173.5	176.5

The purchase price index fell significantly in the first quarter of 2015, declining by 10.4 percent from the fourth quarter of 2014. While the quarterly average prices for certain commodity-type resins fell between 10 to 20 percent, other high-performance specialty resins and materials which comprise approximately one-third of the index saw little or no change during the quarter. If raw material prices stabilize at the levels experienced at the end of the first quarter of 2015, the purchase price index will fall further in the second quarter as declines which occurred during the first quarter will be fully reflected in the index from the start of the second quarter. However, several resin suppliers have announced price increases for certain materials in the second quarter and it remains to be seen what direction future resin pricing will take.

Expenses and Other

Operating expenses in total, adjusted for foreign exchange, increased at a faster rate than sales volumes for the quarter when compared to the first three months of 2014, resulting in a reduction of 1.5 cents in earnings per share. Lower research and development tax credits in the current quarter versus a year ago, elevated share-based incentive costs as a result of the rapid rise in the Company's share price of over 25 percent in the quarter, and pre-production expenses in the first three months of 2015 inflated operating expenses. A greater effective income tax rate in the current quarter, due in part to a larger proportion of earnings being realized in higher income tax rate jurisdictions, decreased earnings per share by a further 0.5 cents. Foreign exchange had a favorable effect on earnings per share in the first quarter of approximately 1.5 cents compared to the corresponding period in 2014 due to the weaker Canadian dollar in the quarter as expenses exceeded revenues in that currency. Although foreign exchange losses were also experienced on the translation of Canadian net monetary assets as well as on the maturation of foreign exchange contracts that form part of the Company's foreign exchange hedging policy, these losses were roughly equivalent to the losses incurred on these items in the first quarter of 2014.

Summary of Quarterly Results

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

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Revenue	199,440	206,269	192,982	199,426	188,077	187,964	179,926	177,032
Net income attributable to equity holders of the Company	22,463	23,343	19,448	19,406	16,163	20,951	17,362	17,095
EPS	35	36	30	30	25	32	27	26

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the first quarter of 2015 at $162.5 million, an increase of $18.7 million from the end of the previous year. Winpak continued to generate strong and consistent cash flows from operating activities before changes in working capital of $41.3 million, eclipsing the first quarter of 2014 by $10.9 million. Cash was utilized to supplement working capital for $3.3 million, plant and equipment additions of $12.8 million, income tax payments of $3.7 million, dividends to equity holders of the Company of $1.7 million, and employee defined benefit plan contributions of $1.1 million.

Looking Forward

The Company remains optimistic in regard to revenue growth and earnings performance for the balance of the year. Although volume growth was steady in the first quarter of the year, further improvement can be anticipated if opportunities currently in various stages of development materialize into new revenue as planned. Assuming raw material prices remain at current levels, gross profit margins should continue to be elevated in the second quarter as certain resin price declines in February and March were not fully reflected in first quarter cost of sales but will be realized when period-end inventories are sold in the second quarter. Selling price declines, due to indexing, will take place in the second quarter based on average first quarter material costs and will be fully reflected in the third quarter when gross profit margins are expected to retreat closer to more normal levels. However, should raw material prices change significantly from current levels, this margin pattern may not transpire. Manufacturing performance is also expected to improve in areas where new capacity was more recently added as utilization and efficiencies advance. However, this will be offset in part in certain product lines where capacity is currently constrained as added costs will be incurred to fulfill heightened demand. 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 March 29, 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 March 29, 2015 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 29, 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.