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.