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 third quarter of 2015 of $22.3 million or 34 cents in earnings per share surpassed the comparable 2014 quarter by $2.9 million or 4 cents per share, an advancement of 14.7 percent. This represents the highest third quarter earnings performance in Winpak's history. Solid organic volume growth boosted earnings per share by 2.0 cents and expansion in gross profit margins added a further 0.5 cents. Favorable foreign exchange supplemented earnings per share by an additional 2.0 cents while a greater proportion of earnings attributable to non-controlling interests had a negative impact of 0.5 cents on earnings per share for the period.

For the nine months ended September 27, 2015, net income attributable to equity holders of the Company strengthened by 30.2 percent to $71.6 million or $1.10 in earnings per share compared to $55.0 million or 85 cents per share in the prior-year period. The current year favorable result was led by enhanced gross profit margins, organic volume growth, and foreign exchange impacts of 19.0 cents, 4.0 cents, and 4.5 cents respectively in earnings per share enrichment. This was only partially offset by a greater proportion of earnings attributable to non-controlling interests and higher operating expenses which reduced earnings per share by 1.5 cents and 1.0 cent accordingly.

Revenue

Revenue in the third quarter of 2015 grew marginally to $193.7 million from $193.0 million in the same period of 2014, an increase of 0.4 percent. However, volume growth was solid at 6.4 percent as all product groups advanced, but was particularly evident in flexible packaging. Modified atmosphere packaging shipments continued advancing in the high single-digit percentage range as did specialty films, both due in large part to new customer wins at large US meat and cheese accounts. Biaxially oriented nylon volumes also accelerated, producing low double-digit percentage gains. Rigid container and lidding volume growth was more modest in the low-to-mid single-digit percentage range. However, the resumption of lidding growth was especially encouraging, following two successive quarters of contraction. Packaging machinery and part sales had a strong three months, exceeding the 2014 third quarter by over 30 percent. Selling price/mix changes had an unfavorable effect of 4.0 percent on 2015 third quarter revenues as the impact of selling price indexing was very evident. The substantial decline in the value of the Canadian dollar in comparison to its US counterpart also negatively impacted the current period revenues versus the prior year third quarter by 2.0 percent.

For the first nine months of 2015, revenue climbed by 1.9 percent to $591.4 million from $580.5 million in the corresponding prior-year period, despite price-indexing and foreign exchange headwinds. Volumes increased by 4.3 percent, with all product groups advancing except for lidding, which experienced a low single-digit percentage decline. Sizable growth in Winpak's modified atmosphere packaging business at some of North America's largest meat and cheese companies drove volume enhancement of nearly 10 percent in this product group. Packaging machinery and part sales were also robust at an over 15 percent rise from the first three quarters of 2014. Biaxially oriented nylon and specialty film shipments expanded in the mid single-digit percentage range while rigid container volumes grew in low single-digit percentage terms. Selling price/mix changes had an unfavorable impact of 0.9 percent on revenues for the first nine months of 2015 while foreign exchange reduced reported revenues by a further 1.5 percent.

Gross profit margins

Gross profit margins for the third quarter of 2015 at 31.3 percent of revenue compared favorably to the 29.2 percent of revenue recorded in the comparable 2014 period. This contributed 0.5 cents in earnings per share, when the effects of foreign exchange are removed. The increased spread between raw material costs and selling prices was responsible for the favorable result due to a significant decline in cost for certain resins versus a year ago. 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. Adjustments were made in the third quarter to selling prices for customers on price-indexing programs with the Company to reflect the lower raw material prices from previous quarters and as a result, the spread between selling prices and raw material costs narrowed from that of the second quarter of this year. The Board of Directors of the Company authorized a one-time payment of $1,000 CDN to every employee in the third quarter to commemorate the 40th anniversary of Winpak's incorporation. This resulted in an overall reduction in earnings per share of approximately 2 cents, spread amongst cost of sales and operating expenses, and decreased the gross profit margin by 0.8 percentage points. The Company also continues to work at improving manufacturing performance by reducing material waste and enhancing efficiencies. Some difficulties in this regard were experienced in the third quarter of 2015 with new line startups and capacity constraints in certain areas.

For the first three quarters of 2015, gross profit margins of 31.9 percent of revenue surpassed the previous year-to-date level of 28.1 percent. The significant decline in oil and natural gas prices and consequently its impact on resin prices, has resulted in a widening gap between lower raw material costs and selling prices. This was the main contributing factor to the expanded gross profit margins, resulting in an addition of 19.0 cents to earnings per share compared to the first nine months 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	3/15	2/15	1/15	4/14	3/14	2/14	1/14	4/13	3/13
Purchase Price Index	147.7	152.1	156.9	175.1	176.2	178.1	178.7	175.0	173.2

The purchase price index saw a small decline of 2.9 percent in the quarter in comparison to the second quarter of 2015. However, in the last 12 months, the decline in the index has been more pronounced at an average of 16.2 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 significantly more than the average. Going forward, resin prices are expected to remain fairly stable, on average, although this cannot be predicted with any degree of certainty.

Expenses and Other

Operating expenses, exclusive of foreign exchange impacts, increased in concert with sales volumes for the third quarter of 2015 when compared to the same period in 2014. Savings in freight costs due to reduced fuel surcharges and lower pre-production expenses in the quarter were offset by the effects on operating expenses of the 40th anniversary payments to employees and higher new product development spending. The weaker Canadian dollar in the third quarter of 2015 versus the comparable 2014 period contributed 2.0 cents to earnings per share from foreign exchange as Canadian dollar expenses exceeded revenues in that currency. On the other hand, a greater proportion of earnings attributable to non-controlling interests reduced earnings per share by 0.5 cents in the quarter versus the third quarter of the prior year.

On a year-to-date basis, operating expenses, after adjusting for foreign exchange, advanced at a slightly higher rate overall than the corresponding increase in sales volumes, resulting in a reduction of 1.0 cent in earnings per share in comparison to the prior year period. Greater general and administrative costs were the main catalyst due in part to higher incentive costs, increased bad debt reserves and the 40th anniversary employee payments. Higher spending on new product development in 2015 also played a role. A greater proportion of earnings attributable to non-controlling interests in the first three quarters of the current year further reduced earnings per share of 1.5 cents. More than offsetting these two factors was the positive contribution from foreign exchange on earnings per share of 4.5 cents in 2015. The substantially lower average value of the Canadian dollar compared to its US counterpart in the current year versus 2014 was very favorable when converting the Company's net Canadian dollar expenses into US funds.

Summary of Quarterly Results

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

	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenue	193,726	198,257	199,440	206,269	192,982	199,426	188,077	187,964
Net income attributable to equity holders of the Company	22,305	26,845	22,463	23,343	19,448	19,406	16,163	20,951
EPS	34	41	35	36	30	30	25	32

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the third quarter of 2015 at $210.4 million, $20.9 million greater than the end of the second quarter. Winpak continued to generate strong and consistent cash flows from operating activities before changes in working capital of $42.0 million, eclipsing the prior year comparable quarter by $4.3 million. Working capital reductions, primarily in lower inventories, generated additional cash of $1.8 million. Cash was utilized for plant and equipment additions of $14.6 million, income tax payments of $6.7 million, and dividends to equity holders of the Company of $1.6 million. On September 17, 2015, in commemoration of its 40th anniversary, the Company declared a special dividend of $1.50 CDN per share for a total of $97.5 million CDN to shareholders of record on September 29, 2015, payable on October 15, 2015. This will reduce the cash and cash equivalents balance by approximately one-third.

For the first nine months of 2015, the cash and cash equivalents balance rose by $66.7 million from the start of the year. Cash flows generated from operating activities before changes in working capital swelled by $27.0 million from the corresponding period in the previous year to $130.0 million. Working capital reductions provided a further supplement to cash balances of $4.4 million. Cash was used for plant and equipment additions of $36.8 million, income tax payments of $19.8 million, dividends to equity holders of the Company of $4.8 million, the retirement of a multiemployer defined benefit pension plan withdrawal liability of $4.5 million, employee defined benefit plan contributions of $1.3 million and other items totaling $0.5 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 continues to remain optimistic with respect to volume growth and earnings performance for the balance of 2015 and into 2016. After a pause in the second quarter, volume growth resumed in the third quarter and opportunities in the sales pipeline should promote further success in expanding volumes for the foreseeable future. Raw material pricing is expected to remain relatively stable in the near term and gross profit margins should remain near current levels for the balance of the year, which are elevated in relation to historical norms. Manufacturing performance will remain a focus for the operations group and improvement is expected as familiarity increases with the production of new products but will be challenged in those areas where capacity is currently constrained. The weakness in the Canadian dollar versus its US counterpart, while reducing reported revenues, will increase earnings for the remainder of 2015 and into 2016, as Canadian dollar denominated costs exceed Canadian revenues. The effect will be spread out over time due to the Company's foreign exchange hedging policy whereby between 50 and 80 percent of the net requirement of Canadian dollars for the ensuing 9 to 15 months will be hedged at all times with forward or zero-option contracts. Capital spending for 2015 is on pace to finish between $55 to $65 million with a focus on expanding extrusion and converting capacity. The Company also continues to evaluate acquisition opportunities in Winpak's core competencies of sophisticated packaging for food, beverage and healthcare applications and is intent on executing a transaction when the proper fit and price are present to provide long-term shareholder value.

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. 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 September 27, 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 September 27, 2015 to provide reasonable assurance that the financial information being reported is materially accurate. During the third quarter ended September 27, 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.