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 2015 rose to $27.6 million or 43 cents in earnings per share, the highest quarterly earnings performance in the history of the Company. This exceeded the final quarter of 2014 by $4.3 million or 7 cents per share, an advancement of 18.4 percent. Enhanced gross profit margins propelled earnings per share forward by 5.0 cents while organic volume growth contributed a further 1.5 cents. Favorable foreign exchange provided an additional 2.0 cents in earnings per share and was partially offset by higher operating expenses which reduced earnings per share by 1.5 cents. The positive impact on earnings per share of lower income taxes of 0.5 cents was negated in its entirety by a greater proportion of earnings attributable to non-controlling interests.

For the year, net income attributable to equity holders of the Company climbed to $99.2 million or $1.53 in earnings per share, exceeding the prior year record net income of $78.4 million or $1.21 per share by 26.7 percent. Lower raw material prices drove higher gross profit margins, resulting in an increase in earnings per share of 24.0 cents. This was further enriched by organic volume growth, favorable foreign exchange and lower income taxes which added 5.5 cents, 6.5 cents and 0.5 cents respectively to earnings per share. Higher operating expenses and a greater proportion of earnings attributable to non-controlling interests had the opposite effect by decreasing earnings per share by 2.5 cents and 2.0 cents accordingly.

Revenue

Revenue in the fourth quarter of 2015 of $205.7 million essentially matched the comparable 2014 period, falling short by just 0.3 percent. Nonetheless, this is only the second time since Winpak's inception that quarterly revenues exceeded the $200 million plateau. Volume growth was all organic and registered a respectable increase of 4.2 percent compared to the fourth quarter of 2014. Modified atmosphere packaging shipments were robust, exceeding the final quarter of the prior year by more than 10 percent. Further progress at penetrating multinational food companies, along with gains at existing meat and cheese customers, drove success for this product group. The rebound in lidding, evident in the third quarter, continued with volumes out-distancing the last three months of 2014 in the mid-single-digit percentage range. Yogurt and retort lidding provided the main impetus. Rigid container volumes advanced in the low single-digit percentage range, after leading the Company in growth in the prior year. Specialty film volumes, on the other hand, were challenged in the quarter, receding in the mid-single-digit percentage range, due in part to the downstream effect of lost business by some of its customers as well as capacity-related constraints in its shrink bag operations. Packaging machinery and part sales revenues retreated by over 20 percent from the fourth quarter of 2014 as increases of over 30 percent in parts sales were not enough to overcome reduced machinery shipments, which follow a more cyclical pattern. Selling price/mix changes had an unfavorable effect of 2.7 percent on 2015 fourth quarter revenues and the decline in the value of the Canadian dollar in comparison to its US counterpart also had a negative impact of 1.8 percent versus the comparable prior year quarter.

For 2015, revenue of $797.2 million surpassed the prior year amount of $786.8 million by $10.4 million or 1.3 percent, despite price-indexing and foreign exchange headwinds. Volumes increased by 4.3 percent, with all product groups advancing. Consistent with the fourth quarter, modified atmosphere packaging led the Company, exceeding prior year volumes by more than 10 percent due to increased sales of sophisticated packaging for processed meat and cheese applications. Biaxially oriented nylon film, and packaging machinery and part sales volumes progressed in the mid-single-digit percentage range while rigid containers, lidding and specialty films shipments grew in low single-digit percentage terms. In comparison to 2014, selling price/mix changes in 2015 had an unfavorable impact of 1.4 percent on revenues while foreign exchange reduced reported revenues by a further 1.6 percent.

Gross profit margins

Gross profit margins for the fourth quarter of 2015 outpaced the comparable 2014 period by 3.7 percentage points at 33.5 percent of revenue versus 29.8 percent. The decline in raw material costs in relation to those experienced a year earlier was the main factor contributing to the margin improvement, resulting in a boost in earnings per share of 5.0 cents. Although approximately 70 percent of the Company's revenues are indexed, there is a lag of approximately 90 days before the effects of raw material cost changes are realized within selling prices. With raw material costs falling, the result was a somewhat inflated margin in the quarter. The raw material cost decreases experienced in the fourth quarter of 2015 will, on average, be translated into selling price reductions in the first quarter of 2016. Market pricing for non-indexed accounts have remained fairly stable through the period.

For the year, gross profit margins of 32.3 percent of revenue eclipsed the 2014 level of 28.5 percent by a sizeable 3.8 percentage points. The result was an addition to earnings per share of 24.0 cents. The significant decline in oil and natural gas prices in 2015 and consequently its impact on resin prices, has resulted in a widening gap between raw material costs and selling prices and was the main factor influencing the heightened margins.

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	4/15	3/15	2/15	1/15	4/14	3/14	2/14	1/14	4/13
Purchase Price Index	139.1	147.7	152.1	156.9	175.1	176.2	178.1	178.7	175.0

The purchase price index fell a noticeable 5.8 percent in the current quarter in relation to the third quarter of 2015. In comparison to a year earlier, the index decline was even more pronounced at 20.6 percent. The commodity-type resins have experienced a more significant decline than the average whereas certain specialty resins were fairly stable throughout the period. As 2016 begins, pricing for most materials appears to be stable with the exception of polypropylene resin, where supply is tight.

Expenses and Other

Operating expenses in the quarter, adjusted for foreign exchange, increased by 10.3 percent, exceeding the growth in sales volumes from the fourth quarter of 2014. Higher compensation costs, including incentive expenses, and offsite storage costs were the main contributing factors responsible for the negative impact of 1.5 cents on earnings per share for the quarter. The lower value of the Canadian dollar in the final three months of 2015 versus the comparable period in 2014 supplemented earnings per share by 2.0 cents as Canadian dollar expenses exceeded revenues denominated in that currency. An increase in earnings attributable to non-controlling interests reduced earnings per share by 0.5 cents in the quarter versus the fourth quarter of the prior year but was equally offset by the positive impact of a lower average income tax rate in the period as a greater proportion of income was earned in Canada in the current quarter where corporate income tax rates are more favorable.

For the 2015 fiscal year, operating expenses, exclusive of foreign exchange impacts, advanced by just over 2 percentage points more than the increase in sales volumes from 2014, resulting in a reduction in earnings per share of 2.5 cents. Higher shared-based incentive costs and reduced research and development tax credits in 2015 had the greatest impact on elevating operating expenses. Foreign exchange had a net favorable effect of 6.5 cents on earnings per share, primarily as a result of converting the Company's net Canadian dollar expenses into US funds at a lower average exchange rate in 2015 compared to the prior year. Earnings per share was also favorably impacted by 0.5 cents due to a larger percentage of earnings being realized in lower income tax rate jurisdictions. On the other hand, a greater proportion of earnings attributable to non-controlling interests reduced earnings per share by 2.0 cents per share in the current year versus 2014.

Summary of Quarterly Results

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

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	205,746	193,726	198,257	199,440	206,269	192,982	199,426	188,077
Net income attributable to equity holders of the Company	27,635	22,305	26,845	22,463	23,343	19,448	19,406	16,163
EPS	43	34	41	35	36	30	30	25

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the year at $165.0 million, a decrease of $45.4 million from the end of the third quarter of 2015. The payment of a special dividend of $73.8 million ($97.5 million Canadian) in the quarter resulted in the decrease in cash. Winpak continued to generate strong and consistent cash flows from operating activities before changes in working capital of $49.0 million, surpassing the final quarter of 2014 by $6.6 million. Cash was also generated from a reduction in working capital of $4.9 million. In addition to the special dividend, cash was utilized for plant and equipment additions of $16.9 million, income tax payments of $6.7 million, regular dividends of $1.5 million and other items totaling $0.4 million.

For the year, the cash and cash equivalents balance rose by $21.3 million, despite the payment of special and regular dividends to equity holders of the Company of $80.1 million. Cash generated from operating activities before changes in working capital amounted to $179.0 million, a substantial appreciation of $33.6 million compared to the prior year. Reductions in working capital, primarily trade receivables and inventories, added a further $9.4 million to the cash balance in the year. Uses of cash included plant and equipment additions of $53.7 million which were predominantly extrusion-related, income tax payments of $26.5 million, employee defined benefit plan contributions of $1.7 million, and other items totaling $0.6 million. In addition, in the second quarter of the year, the multiemployer pension plan withdrawal liability was extinguished for $4.5 million. The Company remains debt-free and is confident that sufficient financial resources are in place to meet all anticipated cash requirements for the foreseeable future.

Looking Forward

As 2016 begins, the Company is optimistic with regard to the upcoming year. Opportunities in the sales pipeline are significant and should provide the impetus for expanding volumes in 2016 and beyond. There are several technical complexities that need to be conquered to bring certain of these opportunities to fruition but management is confident that these challenges will be met. Raw material pricing is expected to remain relatively stable in the near term as demand and fulfillment are in relative equilibrium, with the exception of polypropylene resin where tightness of supply is evident in the marketplace and may exert upward pressure on pricing going forward. However, with the further decline and volatility in world oil prices as of late, it is difficult to predict what impact this may have on future raw material prices. Gross profit margins will likely fall a couple of percentage points from elevated fourth quarter levels as the effect from recent declines in raw material costs on indexed selling prices will be realized in the early part of the upcoming year due to the lag period of approximately three months. Manufacturing performance will continue to remain a focus for the operations group in 2016 and improvement will be essential to alleviate bottlenecks in areas where capacity is currently constrained in order to achieve the Company's volume growth objectives. Of particular importance will be the commercialization of the massive technologically-advanced cast coextrusion line which is in the process of being installed at the Company's modified atmosphere packaging facility in Winnipeg. The weakness in the Canadian dollar versus its US counterpart, while reducing reported revenues, will continue to be favorable to the Company's earnings, as Canadian dollar denominated costs exceed revenues in that currency. Should the exchange rate stabilize at current levels, further positive effects will be evident in 2016 results 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 are hedged at all times with forward or zero-option contracts. To some extent, this has muted the favorable effect of the weaker Canadian dollar on 2015's net income. Capital spending for 2016 should be somewhat higher than 2015's level of $53.7 million as the rigid container operations in Chicago are planning to add a further 350,000 square feet to its existing Sauk Village facility which was constructed in 2012 and an addition of 85,000 square feet is budgeted for the Company's shrink bag operations in Georgia. The Company will continue to pursue acquisition opportunities in Winpak's core competencies of sophisticated packaging for food, beverage and healthcare applications while it remains committed to substantial organic growth through capital investment. With Winpak's solid financial position, it has the resources necessary to complete an acquisition 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, three new accounting standards have been issued, IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". IFRS 9 and IFRS 15 are effective for annual periods beginning on or after January 1, 2018 while IFRS 16 is effective for annual periods beginning on or after January 1, 2019. 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 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 December 27, 2015 to provide reasonable assurance that the financial information being reported is materially accurate. During the fourth quarter ended December 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.