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 2016 of $26.6 million or 41 cents in earnings per share exceeded the $22.5 million or 35 cents per share recorded in the corresponding quarter of 2015, an increase of 18.3 percent. This represented the highest first quarter earnings performance since the inception of Winpak. Organic volume growth contributed 2 cents in earnings per share and was supplemented by gross profit margin improvement and favorable foreign exchange impacts of 1.5 cents per share each. Lower operating expenses and a lower effective income tax rate each added 1 cent to earnings per share while a greater proportion of earnings attributable to non-controlling interests subtracted 1 cent from earnings per share.

Revenue

Revenue in the first quarter of 2016 amounted to $198.2 million, falling just 0.6 percent short of the prior year-to-date level of $199.4 million. Nonetheless, volume growth was solid at 4.7 percent in comparison to the first quarter of 2015 and was all organic. All product groups advanced with the exception of packaging machinery and parts sales, which registered a particularly strong first quarter in 2015. Biaxially oriented nylon volumes were robust, rising by low double-digit percentages in comparison to the first three months of 2015. The remaining product groups of specialty films, modified atmosphere packaging, rigid packaging and lidding all progressed in the mid single-digit percentage range in volume growth. Continued progress at business development in the core markets of meat and cheese drove success for both the specialty films and modified atmosphere packaging product groups. Multi-pak yogurt and retort packaging propelled volumes in both the rigid container and lidding groups which more than offset weakness experienced in the specialty beverage market. Selling price/mix changes had an unfavorable effect of 3.9 percent on 2016 first quarter revenues as indexed selling prices followed the decrease in raw material costs which occurred through most of 2015. The decline in the value of the Canadian dollar in comparison to its US counterpart had a further 1.4 percent negative effect on revenue versus the comparable prior year quarter.

Gross profit margins

Gross profit margins in the first quarter of 2016 rose to 34.2 percent of revenue versus 31.6 percent of revenue in the comparable 2015 quarter, an improvement of 2.6 percentage points. The fall in raw material costs in relation to those incurred a year prior was the main factor contributing to the margin improvement, resulting in an expansion in earnings per share of 1.5 cents. While just over 70 percent of the Company's revenues are indexed whereby the selling prices move in concert with raw material cost changes, albeit with a time lag, market pricing for non-indexed accounts has remained fairly steady over the past year. In addition, there was also some improvement in manufacturing performance, in terms of material waste and efficiency, at certain of the Company's operations which supplemented gross profit 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 28, 2015 to reflect the mix of the eight primary raw materials purchased in 2015.

Quarter and Year	1/16	4/15	3/15	2/15	1/15	4/14	3/14	2/14	1/14
Purchase Price Index	136.4	139.1	147.7	152.1	156.9	175.1	176.2	178.1	178.7

The purchase price index declined slightly by 1.9 percent in the current quarter compared to the final quarter of 2015. Moderate declines in the price of many of the Company's raw materials in the quarter were offset in large degree by a significant escalation in polypropylene resin pricing. In relation to a year ago, the purchase price index has fallen more noticeably by over 13 percent and was directly related to the decrease in the price of oil and natural gas, from which resins used by the Company are derived.

Expenses and Other

Operating expenses in the quarter, after eliminating the impact of foreign exchange, increased by less than 1 percent, well below the growth in sales volumes of 4.7 percent in relation to the first quarter of 2015. This contributed 1 cent in earnings per share and was mainly due to lower share-based compensation costs versus the prior year period. The lower value of the Canadian dollar in the first three months of the current year versus the comparable 2015 period supplemented earnings per share by 1.5 cents as Canadian dollar expenses exceed Canadian dollar revenues. A lower effective income tax rate in the 2016 first quarter added a further 1 cent to earnings per share as a greater proportion of income was earned in Canada where corporate income tax rates are more favorable. On the other hand, an increase in net income attributable to non-controlling interests reduced earnings per share by 1 cent in the first three months of 2016 versus the comparable 2015 quarter.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue	198,154	205,746	193,726	198,257	199,440	206,269	192,982	199,426
Net income attributable to equity holders of the Company	26,564	27,635	22,305	26,845	22,463	23,343	19,448	19,406
EPS	41	43	34	41	35	36	30	30

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the first quarter of 2016 at $169.5 million, an increase of $4.5 million from the end of the prior year. Winpak continued to generate strong and consistent cash flows from operating activities before changes in working capital of $47.4 million, surpassing the first quarter of 2015 by $6.2 million. Cash was utilized to supplement working capital of $10.4 million, income tax payments of $15.2 million, plant and equipment additions of $15.1 million, dividends of $1.4 million and other items totaling $0.8 million.

Looking Forward

After a strong start to the year, the Company remains optimistic with regard to volume growth and earnings performance for the rest of 2016. Opportunities in the sales pipeline continue to progress along the path to becoming new sources of revenue. World oil prices have risen in the last couple of months and this has put upward pressure on resin pricing as the second quarter begins, with price hikes announced for several of the Company's main raw materials. However, it is difficult to predict whether this will be a longer term trend or just a short-term impact on raw material costs. Gross profit margins will likely fall a couple of percentage points from the heightened levels experienced in the first quarter as higher resin costs make their way into cost of goods sold and eventually into higher indexed selling prices. Manufacturing performance should continue to improve in areas where capacity constraints have caused operational difficulties. Of particular importance will be the commercialization of the massive technologically-advanced cast coextrusion line, which is in the early stages of being commissioned at the Company's modified atmosphere packaging plant in Winnipeg. Although there has been some strength in the Canadian dollar versus its US counterpart as of late, it still remains at a lower level than a year prior and will continue to be favorable to the Company's earnings, as Canadian dollar denominated costs exceed revenues in that currency. In addition, further positive effects on earnings will be evident in 2016 as foreign currency forward contracts that are part of the Company's foreign exchange hedging policy mature at more favorable rates than those that came due in 2015. Capital spending for 2016 will be higher than in the past several years at a level estimated to be between $75 million and $85 million as both the rigid container operations in Chicago and the shrink bag production unit in Georgia are embarking on facility expansions of 350,000 and 85,000 square feet respectively. 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 4 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 IAS 7 "Statement of Cash Flows" and IAS 12 "Income Taxes" were issued in January 2016. Both amendments are effective for annual periods beginning on or after January 1, 2017. While the Company is currently assessing the impact of these amendments, management does not expect the amendments to have a significant impact on the Company's consolidated financial statements and does not intend to early adopt them.

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 27, 2016 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 27, 2016 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 27, 2016, 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.