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 second quarter of 2016 amounted to $25.2 million or 39 cents in earnings per share (EPS) compared to $26.8 million or 41 cents per share recorded in the corresponding quarter of 2015. Although the current period's result fell 6.3 percent short of the record level set in the quarter a year ago, it represented the next highest second quarter earnings performance in Winpak's history. Organic volume growth boosted EPS by 3.0 cents and was supplemented by favorable foreign exchange impacts of 1.0 cent per share. A lower relative gross profit margin reduced EPS by 2.5 cents while increased operating expenses and a higher effective income tax rate subtracted 2.0 cents and 1.5 cents respectively from EPS.

For the six months ended June 26, 2016, net income attributable to equity holders of the Company of $51.7 million or 80 cents per share exceeded the corresponding 2015 result of $49.3 million or 76 cents per share by 4.9 percent. Organic volume growth propelled EPS forward by 5.0 cents while foreign exchange had a net positive impact of 2.5 cents. These gains were partially offset by greater operating expenses, a larger proportion of earnings attributable to non-controlling interests, and gross profit growing at a slower pace than sales volumes, which each negatively impacted EPS by 1.0 cent. An additional 0.5 cents was subtracted from EPS due to higher income taxes.

Revenue

Revenue in the second quarter of 2016 climbed to $204.1 million, eclipsing the prior year level of $198.3 million by 3.0 percent. Volume growth was particularly strong at 7.8 percent when compared to the second quarter of 2015. All product groups advanced with the exception of packaging machinery and parts sales, where volumes were off by less than $0.5 million from the previous year's quarter. Foil lidding and rollstock led the way with volumes soaring by over 20 percent in the quarter. Custom die-cut lidding and new product offerings in multi-pak yogurt lidding helped drive growth. Biaxially oriented nylon volumes continued where they left off in the first quarter, advancing by over 15 percent versus the corresponding quarter of 2015. Specialty film shipments also exhibited low double-digit percentage growth in the quarter with customer gains in chub film packaging for ground meats, a new product initiative for the Company. Rigid container volumes were solid in the mid-single digit percentage range as condiment and tray volumes were robust, offsetting declines in specialty beverage shipments. Modified atmosphere packaging shipments were more modest, advancing in the low single-digit percentage range in comparison to a very strong second quarter in 2015. Selling price/mix changes had an unfavorable impact of 4.3 percent on 2016 second quarter revenue as indexed selling prices responded to the decrease in raw material costs. The decline in the value of the Canadian dollar in comparison to its US counterpart had a further 0.5 percent negative effect on revenue versus the comparable prior year quarter.

For the first six months of 2016, revenue grew by $4.6 million or 1.2 percent to $402.3 million from $397.7 million recorded in the first half of 2015. Volume growth was solid, progressing by 6.3 percent in contrast to the first two quarters of the prior year. As with the result for the second quarter, first half volumes were driven by gains in foil lidding and rollstock, biaxially oriented nylon and specialty films which rose between 10 and 15 percent. Retort die-cut lidding, multi-pak yogurt lidding and chub film packaging were new product offerings which propelled shipments forward. Rigid container and modified atmosphere packaging volumes grew in the mid-single digit percentage range versus the first half of 2015. Lower specialty beverage container shipments were more than offset by gains in condiment and retort containers as well as trays for the meat industry. Packaging machinery shipments declined from the strong performance in the first six months of the previous year. Revenue was negatively affected by 4.1 percent due to selling price/mix changes in response to lower indexed raw material costs and a further 1.0 percent due to the impact of foreign exchange from a lower Canadian dollar compared to the first half of 2015.

Gross profit margins

Gross profit margins in the second quarter of 2016 inched up to 33.3 percent of revenue from 32.9 percent of revenue in the comparable 2015 quarter. However, gross profit increased by only 4.2 percent from $65.2 million in the second quarter of 2015 to $68.0 million in the current quarter, while volumes rose in the same period by 7.8 percent. This resulted in a relative decrease in EPS of 2.5 cents. A reduction in current revenues due to the lag effect from previously declining raw material costs was partly responsible for the smaller increment in gross profit in addition to the impact from unfavorable manufacturing variances as a result of capacity constraints and the inherent learning involved with the introduction of new product offerings by the Company.

For the first half of 2016, gross profit margins totaled 33.7 percent of revenue versus 32.2 percent of revenue recorded in the comparable prior year period. Whereas volumes advanced by 6.3 percent in the first six months of the current year versus the corresponding 2015 period, gross profit increased by 5.9 percent, resulting in a reduction in EPS of 1.0 cent. The previously mentioned manufacturing challenges were mainly responsible for the slight drag on 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	2/16	1/16	4/15	3/15	2/15	1/15	4/14	3/14	2/14
Purchase Price Index	138.1	136.4	139.1	147.7	152.1	156.9	175.1	176.2	178.1

After eight consecutive quarters of decline, the purchase price index showed a slight uptick of 1.3 percent in the current quarter compared to the first quarter of 2016. Escalations in the price of polyethylene resin in the second quarter had the most influence on the upward movement of the index. Nonetheless, the purchase price index has decreased by 9.2 percent from a year ago and this decline was directly related to the fall in the price of oil and natural gas, from which resins used by the Company are derived.

Expenses and Other

Operating expenses in the second quarter of 2016, after eliminating the impact of foreign exchange, increased by nearly 18 percent compared to the corresponding quarter in 2015, well above the growth in sales volumes of 7.8 percent over that same period. This resulted in a reduction in EPS of 2.0 cents and was due to two main factors. The first, which accounted for 85 percent of the reduction in EPS, was a one-time pre-tax gain recorded in the second quarter of 2015 of $1.8 million realized upon the settlement of the Company's withdrawal liability in relation to a US multiemployer defined benefit pension plan which Winpak previously had participated in. The balance of the EPS decrease was due to higher research and technical expenses in support of the Company's new product initiatives. The lower value of the Canadian dollar in the second quarter of the current year versus the comparable 2015 period expanded EPS by 1.0 cent as Canadian dollar expenses exceed Canadian dollar revenues. A higher effective income tax rate in the 2016 second quarter contracted EPS by 1.5 cents as a greater proportion of income was allocated to jurisdictions with heightened corporate income tax rates.

Adjusting for foreign exchange, operating expenses for the first half of 2016 grew by 8.8 percent while sales volumes expanded by 6.3 percent, resulting in a contraction in EPS of 1.0 cent in comparison to the first six months of 2015. However, if the impact of the one-time gain on retirement of the Company's withdrawal liability referred to previously was removed from the comparison, the increase in operating expenses would have only been 5.0 percent and would have had a favorable impact on EPS. A greater proportion of earnings attributable to non-controlling interests further reduced EPS by 1.0 cent in the January to June period. Additionally, a higher effective income tax rate decreased EPS by 0.5 cents in relation to the first six months of the previous year. Partly offsetting these reductions was the favorable impact of foreign exchange on EPS of 2.5 cents as the lower average value of the Canadian dollar in 2016 in contrast to its US counterpart had a positive effect when applied to the Company's net Canadian dollar expenses.

Summary of Quarterly Results

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

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Revenue	204,129	198,154	205,746	193,726	198,257	199,440	206,269	192,982
Net income attributable to equity holders of the Company	25,166	26,564	27,635	22,305	26,845	22,463	23,343	19,448
EPS	39	41	43	34	41	35	36	30

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the second quarter of 2016 at $176.3 million, an increase of $6.8 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 $48.7 million, outpacing the second quarter of 2015 by $2.0 million. Cash was utilized to supplement working capital of $12.5 million to support volume growth. Of this, $8.6 million was applied to an increase in trade and other receivables as certain customer payment terms were extended as part of contract negotiations. Cash was also used for income tax payments of $13.4 million, plant and equipment additions of $13.1 million, dividends to equity holders of the Company of $1.5 million and other items totaling $1.4 million.

For the first half of 2016, the cash and cash equivalents balance rose by $11.3 million to $176.3 million as a result of significant cash flow generation from operating activities before changes in working capital of $96.2 million. Working capital additions utilized $22.9 million of cash primarily in trade and other receivables of $9.9 million and inventories of $7.6 million. A substantial element of the increase was due to the growth in sales volumes and the necessary expansion of working capital required to support that growth. Other uses of cash and cash equivalents consisted of $28.6 million in income tax payments, $28.2 million in plant and equipment additions, $2.9 million in dividends paid to equity holders of the Company, $1.0 million in employee defined benefit plan contributions and other items totaling $1.3 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

Building on the momentum generated in the first half of the year, the Company remains optimistic with regard to volume growth and earnings performance for the balance of 2016. Opportunities in the sales pipeline continue to progress along the path to future success. World oil prices have risen in the last few months and this has put upward pressure on the pricing of certain resins, with some limited price hikes expected in the third quarter for several of the Company's main raw materials. It is difficult to predict the future beyond the next few months but at present, it appears as though changes to raw material costs in aggregate should not be overly significant. Gross profit margins will likely fall a couple of percentage points from the heightened levels experienced in the first half of the year as higher resin costs make their way into cost of goods sold and eventually into higher indexed selling prices. Operational performance should improve in the short to medium term in areas where capacity has been constrained and in the manufacture of new products that have recently been introduced as more experience is gained in their production. The commissioning of the massive cast coextrusion line at the Company's modified atmosphere packaging plant in Winnipeg, which is at the leading edge of technology, will remain a prime focus for the business as commercialization is anticipated before the end of the current year. This will lead to elevated pre-production costs during the commercialization period, the magnitude of which will be dependent on the technical challenges encountered, but will be money well spent as the future benefits of the line should be substantial. The Canadian dollar still remains at a lower level versus its US counterpart than a year ago and will continue to be favorable to the Company's earnings in the second half of the year 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 the same period in 2015. Capital spending for 2016 is projected to be between $80 million and $90 million as both the rigid container operations in Sauk Village, Illinois and the shrink bag production unit in Senoia, Georgia are in the midst of 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 remaining 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 strategic 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 and are effective for annual periods beginning on or after January 1, 2017. Amendments to IFRS 2 "Share-Based Payment" were issued in June 2016 and are effective for annual periods beginning on or after January 1, 2018. 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 June 26, 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 June 26, 2016 to provide reasonable assurance that the financial information being reported is materially accurate. During the second quarter ended June 26, 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.