## *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 2016 of $24.0 million or 37 cents in earnings per share (EPS) eclipsed the 2015 third quarter record of $22.3 million or 34 cents per share by 7.8 percent. Organic volume growth was the catalyst, advancing EPS by 3.0 cents and was supplemented by 1.5 cents for favorable foreign exchange impacts and 0.5 cents for reduced operating expenses. A lower relative gross profit margin reduced EPS by 1.5 cents while a greater proportion of net income attributable to non-controlling interests deducted 0.5 cents from EPS.

For the three quarters ended September 25, 2016, net income attributable to equity holders of the Company totalled $75.8 million or $1.17 per share and exceeded the corresponding 2015 result of $71.6 million or $1.10 per share by 5.8 percent. Organic volume growth drove EPS forward by 8.0 cents while foreign exchange added a further 4.0 cents. A reduced rate of growth in gross profit in relation to sales volumes negatively impacted EPS by 2.5 cents. In addition, a larger proportion of net income attributable to non-controlling interests, greater operating expenses, and higher income taxes reduced EPS by 1.5 cents, 0.5 cents and 0.5 cents respectively.

### *Revenue*

Revenue in the third quarter of 2016 of $204.7 million exceeded the prior year level of $193.7 million by a healthy 5.7 percent. Volume growth of 7.9 percent, when compared to the third quarter of 2015, continued the strength exhibited in the second quarter. On a percentage basis, biaxially oriented nylon volumes led the way, advancing just over 25 percent. Rigid container and lidding volumes were also robust, ascending between 10 to 15 percent over the prior year third quarter. Custom container shipments, including specialty beverage, along with condiment packaging and meat trays propelled volume growth. Foil rollstock applications including multi-pak yogurt lidding, added to the list of new customer wins. Modified atmosphere packaging shipments were solid, progressing in the mid single-digit percentage range over the third quarter of 2015. Continued progress at securing business at major US protein producers contributed to increased volumes. Meanwhile, shipments were restrained by capacity constraints in specialty films which declined in the low single-digit percentage range. Additionally, elevated machinery part sales in the quarter were not sufficient to offset a decline in new packaging machinery shipments compared to the corresponding quarter of 2015. However, the machinery sales backlog is very strong and should provide for an uptick in revenue in the fourth quarter for this product group. Selling price/mix changes had an unfavorable impact of 2.0 percent on 2016 third quarter revenues compared to the prior year corresponding period while the effect of foreign exchange on revenues was minimal, with a 0.2 percent decline.

For the first nine months of 2016, revenue climbed by 2.6 percent to $607.0 million from $591.4 million in the corresponding prior year period despite customer selling price-indexing and foreign exchange headwinds. Volumes grew by a sizeable 6.8 percent with all product groups advancing except packaging machinery. Consistent with the third quarter, biaxially oriented nylon volumes had the highest percentage gain. Lidding shipments followed closely behind with low double-digit percentage gains due to new customers in foil rollstock applications along with continued progress in die-cut lidding including retort and specialty beverage products. Rigid container volumes expanded in the high single-digit percentage range due to upswings in demand for condiment and retort containers as well as meat trays. Both specialty films and modified atmosphere packaging volumes grew by mid-single digit percentages while packaging machinery volumes lagged behind the prior year record levels. In response to reduced raw material costs, indexed selling prices drove year-to-date revenues lower as selling price/mix changes had a negative impact of 3.4 percent on sales. Likewise, the decline in the value of the Canadian dollar in comparison to its US counterpart was responsible for a decline in revenues of 0.8 percent.

### *Gross profit margins*

Gross profit margins in the third quarter of 2016 equalled the corresponding quarter of 2015 on a percentage of revenue basis at 31.3 percent. However, gross profit increased by only 5.7 percent from $60.7 million in the third quarter of 2015 to $64.1 million in the current quarter, while volumes accelerated by 7.9 percent in the same time frame. The result was a relative decrease in EPS of 1.5 cents. Heightened unfavorable manufacturing variances on new products and challenges with capacity constraints in certain areas were the main reasons surrounding the contraction in EPS due to gross profit changes.

For the first three quarters of the current year, gross profit margins reached 32.9 percent of revenue compared to the 31.9 percent attained in the same period of 2015. While volumes advanced by 6.8 percent during this time frame, gross profit only grew by 5.8 percent, resulting in a reduction in EPS of 2.5 cents. The operational challenges mentioned previously were largely responsible for the slight pullback 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 | 3/16 | 2/16 | 1/16 | 4/15 | 3/15 | 2/15 | 1/15 | 4/14 | 3/14 |
|---|---|---|---|---|---|---|---|---|---|
| Purchase Price Index | 140.2 | 138.1 | 136.4 | 139.1 | 147.7 | 152.1 | 156.9 | 175.1 | 176.2 |

Although the purchase price index has declined by 5.1 percent from a year ago, the last two quarters have seen an upward trend, rising 1.5 percent in the latest quarter. Escalations in the price of certain resins occurred part way through the third quarter and will be fully reflected in the index in the fourth quarter, which should move the index higher by 3 to 4 percent, all else being equal.

*Expenses and Other*

Operating expenses, exclusive of foreign exchange impacts, in the third quarter of 2016 grew by 6.0 percent in relation to the 2015 comparable quarter, while sales volumes expanded by 7.9 percent. This resulted in an addition of 0.5 cents to EPS. Lower share-based incentive costs offset the impact of higher pre-production and new product development expenses. Foreign exchange contributed 1.5 cents to third quarter EPS, primarily due to the maturation of foreign exchange forward contracts at more favorable rates which form an integral part of the Company's foreign exchange policy. Lastly, a greater proportion of net income attributable to non-controlling interests subtracted 0.5 cents from the current quarter's EPS in relation to the prior year comparable period.

On a year-to-date basis, after adjusting for foreign exchange, operating expenses increased by 7.8 percent in contrast to the 6.8 percent advancement in sales volumes, resulting in a reduction of 0.5 cents in EPS in comparison to the previous year period. A one-time gain recorded in 2015 upon the settlement of the Company's withdrawal liability with regard to a US multiemployer pension plan was the dominant factor in offsetting operating expenses in the prior year and coupled with higher pre-production and research and technical expenses in the current year, were greater than the savings realized from lower share-based incentive costs in 2016. Higher earnings attributable to non-controlling interests and a slightly higher income tax rate further reduced EPS by 1.5 cents and 0.5 cents respectively. More than offsetting these reductions was the favorable impact of foreign exchange on EPS of 4.0 cents. The decline in the average value of the Canadian dollar in contrast to its US counterpart for the first three quarters in 2016 versus 2015 had a positive effect when applied to the Company's net Canadian dollar expenses and in combination with the maturation of foreign exchange forward contracts were responsible for the favorable result.

*Summary of Quarterly Results*

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

| | Q3 2016 | Q2 2016 | Q1 2016 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 204,699 | 204,129 | 198,154 | 205,746 | 193,726 | 198,257 | 199,440 | 206,269 |
| Net income attributable to equity holders of the Company | 24,036 | 25,166 | 26,564 | 27,635 | 22,305 | 26,845 | 22,463 | 23,343 |
| EPS | 37 | 39 | 41 | 43 | 34 | 41 | 35 | 36 |

*Capital Resources, Cash Flow and Liquidity*

The Company's cash and cash equivalents balance ended the third quarter of 2016 just short of $200 million at $197.7 million, an increase of $21.4 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 $45.5 million, surpassing the third quarter of the prior year by $3.4 million. Working capital additions for trade receivables and inventories were outpaced by heightened capital in progress liabilities which boosted trade payables, resulting in a net positive impact of $6.7 million on cash. Cash was utilized for plant and equipment additions of $20.0 million, income tax payments of $9.3 million and dividends to equity holders of the Company of $1.5 million.

For the first nine months of 2016, the cash and cash equivalents balance grew by $32.7 million from the beginning of the year, led by the significant cash flow generation from operating activities before changes in working capital of $141.6 million. Working capital additions utilized $16.2 million of cash primarily in trade and other receivables of $13.3 million and inventories of $8.8 million. The expansion of working capital was required to support the significant growth in sales volumes. Other uses of cash and cash equivalents consisted of $48.2 million in plant and equipment additions, $37.8 million in income tax payments, $4.4 million in dividends paid to equity holders of the Company, $1.1 million in employee defined benefit plan contributions and other items totaling $1.2 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*

Following another strong quarter in the growth of the business, the Company remains optimistic in terms of volume and earnings advancement for the fourth quarter and into 2017. Winpak continues to execute on its path of sustained growth as the opportunities in the sales pipeline progress into new business generation. From a raw material standpoint, resin prices overall are expected to remain relatively stable for the near future with some materials projected to increase while others may decrease. However, the recent escalation in world oil prices may put additional upward pressure on certain resin prices but this trend is difficult to predict. Improving operational performance will remain a prime focus for the Company, particularly in those areas where capacity constraints have presented challenges. The optimization of the manufacturing processes of new products and equipment will also be a priority. Of note, the massive cast coextrusion line at the Company's modified atmosphere packaging plant in Winnipeg was officially launched at a ceremony held on September 13, 2016 and is expected to be manufacturing commercial product for sale in the fourth quarter of this year. Capital spending for 2016 is projected to end the year at between $75 million and $85 million as construction continues on the facility expansions of 350,000 square feet at the rigid operations in Sauk Village, Illinois and 85,000 square feet at the specialty films unit in Senoia, Georgia. The Company will continue to invest in organic growth opportunities while remaining open to acquisition prospects that fit strategically with Winpak's core competencies in sophisticated packaging for food, beverage and healthcare applications.

### *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 September 25, 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 September 25, 2016 to provide reasonable assurance that the financial information being reported is materially accurate. During the third quarter ended September 25, 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.