

**Winpak Reports 2018 First Quarter Results**

Winnipeg, Manitoba, April 26, 2018 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the first quarter of 2018, which ended on April 1, 2018.

	Quarter Ended (1)	
	April 1 2018	April 2 2017 *
<i>(thousands of US dollars, except per share amounts)</i>		
Revenue	221,665	228,351
Net income	26,867	29,249
Income tax expense	9,135	13,755
Net finance expense	51	133
Depreciation and amortization	9,879	9,125
EBITDA (2)	45,932	52,262
Net income attributable to equity holders of the Company	26,361	28,552
Net income attributable to non-controlling interests	506	697
Net income	26,867	29,249
Basic and diluted earnings per share (cents)	41	44

Winpak Ltd. manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the packaging of perishable foods, beverages and in healthcare applications.

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<sup>1</sup> The 2018 fiscal year comprises 52 weeks and the 2017 fiscal year comprised 53 weeks. Each quarter of 2018 and 2017 comprises 13 weeks with the exception of the first quarter of 2017, which comprised 14 weeks.

<sup>2</sup> EBITDA is not a recognized measure under International Financial Reporting Standards (IFRS). Management believes that in addition to net income, this measure provides useful supplemental information to investors including an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that this measure should not be construed as an alternative to net income, determined in accordance with IFRS, as an indicator of the Company's performance. The Company's method of calculating this measure may differ from other companies and, accordingly, the results may not be comparable.

\*The Company has initially applied IFRS 15 "Revenue From Contracts With Customers" and IFRS 9 "Financial Instruments" at January 1, 2018. Under the transition methods chosen by the Company, comparative information has not been restated.

Forward-looking statements: Certain statements made in the following report 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. Factors that could cause results to differ from those expected include, but are not limited to: the terms, availability and costs of acquiring raw materials and the ability to pass on price increases to customers; ability to negotiate contracts with new customers or renew existing customer contracts with less favorable terms; timely response to changes in customer product needs and market acceptance of our products; the potential loss of business or increased costs due to customer or vendor consolidation; competitive pressures, including new product development, industry capacity, and changes in competitors' pricing; ability to maintain or increase productivity levels, contain or reduce costs; foreign currency exchange rate fluctuations; changes in governmental regulations, including environmental, health and safety; changes in Canadian and foreign income tax rates, income tax laws and regulations. Unless otherwise required by applicable securities law, Winpak disclaims 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 2018 of \$26.4 million or 41 cents in earnings per share (EPS) declined by 7.7 percent from the \$28.6 million or 44 cents per share recorded in the corresponding quarter of 2017. The contraction in gross profit margins and sales volumes negatively impacted EPS by 4.5 cents and 1.5 cents respectively. Foreign exchange lowered EPS by an additional 1.0 cent. Conversely, following the enactment of US tax reform in December 2017, the Company's effective income tax rate decreased significantly, increasing EPS by 3.5 cents. Furthermore, a lower proportion of net income attributable to non-controlling interests raised EPS by 0.5 cents.

The fiscal year of the Company ends on the last Sunday of the calendar year and is usually 52 weeks in duration. However, the 2017 fiscal year consisted of 53 weeks, with the first quarter comprising 14 weeks, one more week than the current year. The additional week included in the 2017 first quarter was essentially the last week of the 2016 calendar year which contained several statutory holidays. Consequently, it is estimated that this additional week contributed 6.0 percent to 2017 first quarter sales volumes and net income results.

### Operating Segments and Product Groups

The Company provides three distinct types of packaging technologies: a) rigid packaging and flexible lidding, b) flexible packaging and c) packaging machinery. Each of the three are deemed to be a separate operating segment.

The rigid packaging and flexible lidding segment includes the rigid containers and lidding product groups. Rigid containers includes portion control and single-serve containers, as well as plastic sheet and custom and retort trays, which are used for applications such as food, pet food, beverage, dairy, industrial, and healthcare. Lidding products are available in die-cut, daisy chain and rollstock formats and are used for applications such as food, dairy, beverage, industrial and healthcare.

The flexible packaging segment includes the modified atmosphere packaging, specialty films and biaxially oriented nylon product groups. Modified atmosphere packaging extends the shelf life of perishable foods, while at the same time maintains or improves the quality of the product. The packaging is used for a wide range of markets and applications, including fresh and processed meats, poultry, cheese, medical device packaging, high performance pouch applications and high-barrier films for converting applications. Specialty films includes a full line of barrier and non-barrier films which are ideal for converting applications such as printing, laminating, and bag making, including shrink bags. Biaxially oriented nylon film is stretched by length and width to add stability for further conversion using printing, metalizing or laminating processes and are ideal for food packaging applications such as cheese, fluid and viscous liquids, and industrial applications such as book covers and balloons.

Packaging machinery includes a full line of horizontal fill/seal machines for preformed containers and vertical form/fill/seal pouch machines for pumpable liquid and semi-liquid products and certain dry products.

### Revenue

Revenue in the first quarter of 2018 was \$221.7 million, \$6.7 million or 2.9 percent less than the first quarter of 2017. After taking the additional week of revenues in the first quarter of 2017 into account, volumes were essentially flat. In addition, on a normalized basis, the first quarter of 2017 represented the highest quarterly sales result ever recorded by the Company. The rigid container and flexible lidding operating segment realized a minor reduction in volumes. In the first quarter of 2017, specialty beverage container volumes were exceptionally strong and returned to more normal levels in the first quarter of 2018, heavily influencing the results of the rigid container product group. This was compounded by lower applesauce container and sheet volumes. Within the lidding product group, the expansion in specialty beverage lidding volumes was largely offset by lower condiment lidding volumes. The flexible packaging operating segment also experienced a small reduction in volumes in the first quarter of 2018, influenced by the unfavorable shift in customer order patterns. The modified atmosphere packaging product group benefitted from the inroads made with respect to healthcare packaging. In the current quarter, the packaging machinery operating segment's volumes were exceptional, growing by more than 25 percent. Selling price and mix changes had a favorable effect on revenues for the quarter of 0.8 percent, while foreign exchange, due to a stronger Canadian dollar, increased revenues by 0.6 percent in comparison to the first quarter of 2017.

### Gross Profit Margins

Gross profit margins fell to 29.6 percent of revenue in the first quarter of 2018, down from the 32.1 percent of revenue recorded in the same quarter of 2017. As anticipated, competitive pressures in key product markets led to lower selling prices. This margin erosion was compounded by the significant rise in raw material costs to those incurred a year earlier. However, this was partially mitigated by the improvements made in reducing production waste and inventory write-downs. During the first quarter of 2018, the weighted indexed purchased cost of Winpak's eight primary raw materials was relatively stable compared to the fourth quarter of 2017. The index has increased by over 6.0 percent over the past twelve months.

### Expenses and Other

Operating expenses in the current quarter, exclusive of foreign exchange impact, receded at a similar overall rate relative to the corresponding decrease in sales volumes, thereby having a minimal impact on EPS. Foreign exchange caused a decline in EPS of 1.0 cent, primarily as a result of converting the Company's net Canadian dollar expenses into US dollars at a higher average exchange rate. Effective January 1, 2018, the US federal statutory income tax rate decreased from 35.0% to 21.0%, accounting for the lower overall effective income tax rate, which contributed 3.5 cents to EPS. Additionally, there was a reduction in the proportion of earnings attributed to non-controlling interests, augmenting EPS by 0.5 cents.

### Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q1 2018	Q4 2017*	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue	221,665	222,323	218,348	217,752	228,351	215,550	204,699	204,129
Net income attributable to equity holders of the Company	26,361	39,633	25,368	25,745	28,552	28,578	24,036	25,166
EPS	41	61	39	40	44	44	37	39

The Company has initially applied IFRS 15 "Revenue From Contracts With Customers" and IFRS 9 "Financial Instruments" at January 1, 2018. Under the transition methods chosen by the Company, comparative information has not been restated.

\*Includes the one-time income tax recovery of 17 cents per share due to the revaluation of deferred tax asset and liability balances within the US operations as a result of US tax reform enacted in December 2017.

### Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the first quarter of 2018 at \$303.9 million, an increase of \$11.9 million from the end of the prior year. Winpak continued to generate solid cash flow from operating activities before changes in working capital of \$46.5 million. Cash was utilized for net working capital additions of \$10.5 million as trade and other receivables increased by \$9.4 million, reflecting the magnitude of extended term accounts receivable that were sold without recourse to financial institutions in exchange for cash. Other cash flows included \$12.5 million in property, plant and equipment additions, income tax payments of \$8.4 million, employee defined benefit plan contributions of \$1.7 million, dividend payments of \$1.6 million, net of other inflows totaling \$0.1 million.

### Looking Forward

#### Business Outlook

The first quarter of 2018 had mixed results with respect to sales volume growth which was tempered in certain product markets by weakened customer demand, influenced by the management of their respective inventory levels. To achieve positive sales volume momentum, the Company will make every effort to secure incremental revenue streams with new and existing customers with enhanced and/or new product offerings. As noted in previous quarterly reports, competitive pressures for lower selling prices on customer contract renewals and newly secured business has compressed gross profit margins in 2018. The raw material costs for the Company's widely used resins remain elevated with costs relatively unchanged in the first quarter. The Company is anticipating some recovery of the resin price increases incurred in the latter part of the fourth quarter of 2017 and early 2018 as approximately 70% of the Company's revenues are indexed to the price of raw materials, albeit with an approximate 90 to 120-day time lag. Current market views are that there will probably be no relief in raw material prices until the second half of 2018 on certain resins. Entering the second quarter, the recently announced tariffs by the US government on aluminum products being imported into the US from certain countries has resulted in companies trying to source aluminum from non-tariff countries, causing demand to outpace supply and aluminum prices to escalate. Gross profit margins are expected to be realized at levels comparable to the first quarter of 2018. The Canadian dollar remains at a higher level versus the US dollar from a year ago, creating some headwinds to the Company's earnings results in 2018. The Company has been successful in lowering production costs and enhancing operational performance and will continue to be focused on achieving further efficiencies within the manufacturing processes. Capital spending of \$60 to \$70 million is forecasted for 2018. Extrusion capacity is planned to come on stream by the end of the second quarter at the modified atmosphere packaging facility in Winnipeg, Manitoba. The Company has acquired land and building in Mexico to increase its production capacity and will be adding new printing technology and converting equipment for its flexible packaging

products for the Mexican market which is expected to be fully operational in the first quarter of 2019. Winkpak remains focused on organic growth with capital investments in new technologies and capabilities to offer expanded products and in concert, the Company will continue to evaluate strategic acquisition opportunities that align with the Company's core competencies, all being focused on providing long-term shareholder value.

#### United States Aluminum Tariffs

In March 2018, the US government started levying a 10% tariff on aluminum products imported into the US which are sourced from specified countries. This tariff will effectively increase the costs for Winkpak's flexible foil lidding products that are exported from Canada into the US. The Company is currently assessing the effects of this newly enacted tariff and cannot reasonably estimate the financial impact, at this time.

#### NAFTA

The Company's operations encompass three product groups produced in ten manufacturing facilities located in North America. The majority of Winkpak's products are sold to customers in the US followed by Canada and Mexico. Approximately 61% of production costs occur in Canada and the export sales from these manufacturing facilities into the US represents about 40% of the Company's total revenues. Under the current NAFTA agreement, all packaging materials move across the borders between Canada, the US and Mexico free of duties. The effect of any border tax adjustment due to potential amendments to NAFTA for imported cost of goods sold from foreign entities could have a significant financial impact to the Company. The magnitude of exposures to the Company regarding any amendments to NAFTA cannot be determined as insufficient information exists currently. The possible future impact of risks relating to NAFTA are anticipated to be mitigated by increased levels of production capabilities in the US manufacturing operations, if required.

**Winpak Ltd.**  
**Interim Condensed Consolidated Financial Statements**  
**First Quarter Ended: April 1, 2018**

These interim condensed consolidated financial statements have not been audited or reviewed by the Company's independent external auditors, KPMG LLP. For a complete set of notes to the condensed consolidated financial statements, refer to [www.sedar.com](http://www.sedar.com) or the Company's website, [www.winpak.com](http://www.winpak.com).

Winpak Ltd.  
**Condensed Consolidated Balance Sheets**  
*(thousands of US dollars) (unaudited)*

	April 1 2018	December 31 2017*
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	303,890	291,959
Trade and other receivables	126,393	116,955
Income taxes receivable	4,228	1,994
Inventories	118,059	116,720
Prepaid expenses	3,847	2,320
Derivative financial instruments	63	863
	<u>556,480</u>	<u>530,811</u>
<b>Non-current assets:</b>		
Property, plant and equipment	425,452	422,989
Intangible assets	14,331	14,444
Employee benefit plan assets	7,973	6,935
Deferred tax assets	783	818
	<u>448,539</u>	<u>445,186</u>
<b>Total assets</b>	<u>1,005,019</u>	<u>975,997</u>
<b>Equity and Liabilities</b>		
<b>Current liabilities:</b>		
Trade payables and other liabilities	64,171	63,670
Contract liabilities	1,315	-
Income taxes payable	3,124	1,555
Derivative financial instruments	475	98
	<u>69,085</u>	<u>65,323</u>
<b>Non-current liabilities:</b>		
Employee benefit plan liabilities	11,048	10,522
Deferred income	15,035	15,272
Provisions	760	760
Deferred tax liabilities	41,171	40,656
	<u>68,014</u>	<u>67,210</u>
<b>Total liabilities</b>	<u>137,099</u>	<u>132,533</u>
<b>Equity:</b>		
Share capital	29,195	29,195
Reserves	(302)	596
Retained earnings	813,484	788,636
<b>Total equity attributable to equity holders of the Company</b>	<u>842,377</u>	<u>818,427</u>
<b>Non-controlling interests</b>	<u>25,543</u>	<u>25,037</u>
<b>Total equity</b>	<u>867,920</u>	<u>843,464</u>
<b>Total equity and liabilities</b>	<u>1,005,019</u>	<u>975,997</u>

\*The Company has initially applied IFRS 15 "Revenue From Contracts With Customers" and IFRS 9 "Financial Instruments" at January 1, 2018. Under the transition methods chosen by the Company, comparative information has not been restated.

**Winpak Ltd.****Condensed Consolidated Statements of Income***(thousands of US dollars, except per share amounts) (unaudited)*

	Quarter Ended	
	April 1 2018	April 2 2017*
Revenue	221,665	228,351
Cost of sales	(156,023)	(155,073)
Gross profit	65,642	73,278
Sales, marketing and distribution expenses	(17,645)	(17,624)
General and administrative expenses	(7,973)	(9,139)
Research and technical expenses	(4,072)	(3,774)
Pre-production expenses	(115)	(125)
Other income	216	521
<b>Income from operations</b>	<b>36,053</b>	<b>43,137</b>
Finance income	829	316
Finance expense	(880)	(449)
Income before income taxes	36,002	43,004
Income tax expense	(9,135)	(13,755)
<b>Net income for the period</b>	<b>26,867</b>	<b>29,249</b>
<b>Attributable to:</b>		
Equity holders of the Company	26,361	28,552
Non-controlling interests	506	697
	<b>26,867</b>	<b>29,249</b>
<b>Basic and diluted earnings per share - cents</b>	<b>41</b>	<b>44</b>

**Condensed Consolidated Statements of Comprehensive Income***(thousands of US dollars) (unaudited)*

	Quarter Ended	
	April 1 2018	April 2 2017*
<b>Net income for the period</b>	<b>26,867</b>	<b>29,249</b>
<u>Items that will not be reclassified to the statements of income:</u>		
Cash flow hedge gains recognized	101	-
Cash flow hedge gains transferred to property, plant and equipment	(235)	-
Income tax effect	-	-
	<b>(134)</b>	<b>-</b>
<u>Items that are or may be reclassified subsequently to the statements of income:</u>		
Cash flow hedge (losses) gains recognized	(507)	438
Cash flow hedge gains transferred to the statements of income	(536)	(431)
Income tax effect	279	(2)
	<b>(764)</b>	<b>5</b>
<b>Other comprehensive (loss) income for the period - net of income tax</b>	<b>(898)</b>	<b>5</b>
<b>Comprehensive income for the period</b>	<b>25,969</b>	<b>29,254</b>
<b>Attributable to:</b>		
Equity holders of the Company	25,463	28,557
Non-controlling interests	506	697
	<b>25,969</b>	<b>29,254</b>

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Winpak Ltd.  
Condensed Consolidated Statements of Changes in Equity  
(thousands of US dollars) (unaudited)

	Attributable to equity holders of the Company					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at December 26, 2016*</b>	29,195	(29)	676,478	705,644	21,625	727,269
<b>Comprehensive income for the period</b>						
Cash flow hedge gains, net of tax	-	321	-	321	-	321
Cash flow hedge gains transferred to the statements of income, net of tax	-	(316)	-	(316)	-	(316)
<b>Other comprehensive income</b>	-	5	-	5	-	5
<b>Net income for the period</b>	-	-	28,552	28,552	697	29,249
<b>Comprehensive income for the period</b>	-	5	28,552	28,557	697	29,254
<b>Dividends</b>	-	-	(1,466)	(1,466)	-	(1,466)
<b>Balance at April 2, 2017*</b>	29,195	(24)	703,564	732,735	22,322	755,057
<b>Balance at January 1, 2018</b>	29,195	596	788,636	818,427	25,037	843,464
<b>Comprehensive (loss) income for the period</b>						
Cash flow hedge losses, net of tax	-	(270)	-	(270)	-	(270)
Cash flow hedge gains transferred to the statements of income, net of tax	-	(393)	-	(393)	-	(393)
Cash flow hedge gains transferred to property, plant and equipment	-	(235)	-	(235)	-	(235)
<b>Other comprehensive loss</b>	-	(898)	-	(898)	-	(898)
<b>Net income for the period</b>	-	-	26,361	26,361	506	26,867
<b>Comprehensive (loss) income for the period</b>	-	(898)	26,361	25,463	506	25,969
<b>Dividends</b>	-	-	(1,513)	(1,513)	-	(1,513)
<b>Balance at April 1, 2018</b>	29,195	(302)	813,484	842,377	25,543	867,920

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Winpak Ltd.  
**Condensed Consolidated Statements of Cash Flows**  
*(thousands of US dollars) (unaudited)*

	Quarter Ended	
	April 1 2018	April 2 2017*
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income for the period	26,867	29,249
Items not involving cash:		
Depreciation	10,123	9,383
Amortization - deferred income	(388)	(416)
Amortization - intangible assets	144	158
Employee defined benefit plan expenses	932	916
Net finance expense	51	133
Income tax expense	9,135	13,755
Other	(414)	(1,770)
Cash flow from operating activities before the following	<u>46,450</u>	<u>51,408</u>
Change in working capital:		
Trade and other receivables	(9,438)	8,546
Inventories	(1,339)	(11,663)
Prepaid expenses	(1,527)	(1,977)
Trade payables and other liabilities	539	7,058
Contract liabilities	1,315	-
Employee defined benefit plan contributions	(1,709)	(1,005)
Income tax paid	(8,354)	(11,864)
Interest received	810	279
Interest paid	(775)	(377)
Net cash from operating activities	<u>25,972</u>	<u>40,405</u>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment - net	(12,460)	(18,247)
Acquisition of intangible assets	(31)	(251)
	<u>(12,491)</u>	<u>(18,498)</u>
<b>Financing activities:</b>		
Dividends paid	(1,550)	(1,441)
<b>Change in cash and cash equivalents</b>	11,931	20,466
<b>Cash and cash equivalents, beginning of period</b>	<u>291,959</u>	<u>211,225</u>
<b>Cash and cash equivalents, end of period</b>	<u>303,890</u>	<u>231,691</u>

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