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Presentation

Operator

Good morning, everyone. Welcome to Maple Leaf Foods Fourth Quarter and Full Year 2025 Financial Results Conference Call. [Operator Instructions] I would now like to turn the conference over to Omar Javed, Vice President of Investor Relations at Maple Leaf Foods. Please go ahead, Mr. Javed.

Omar Javed
Vice President of Investor Relations

Thank you, and good morning, everyone. Before we begin, I would like to remind you that statements made on today's call may constitute forward-looking information, and our future results may differ materially from what we discuss. Please refer to our fourth quarter and full year 2025 MD&A and financial statements and other information on our website for a broader description of operations and risk factors that could affect the company's performance.

We've also uploaded our fourth quarter and full year 2025 investor presentation to our website. As always, the Investor Relations team will be available after the call for any follow-up questions you may have.

With that, I'll turn the call over to our President and CEO, Curtis Frank.

Curtis Eugene Frank
President, CEO & Director

Okay. Thank you, Omar, and good morning, everyone. Thank you for being with us here on our call today. Joining me this morning is our Chief Financial Officer, David Smales. After my opening remarks, Dave will walk through our financial results in a bit more detail. And then I'll come back to close the call. And of course, we will open the line to your questions.

Before we begin, I want to take a moment to express my gratitude to all of our stakeholders for their continued support throughout our transformational journey. I also want to thank and acknowledge the Maple Leaf team for their dedication to delivering on our strategic blueprint with nothing short of excellence.

The headline for today is that we have reached a clear inflection point. The heavy investment phase is behind us. We are now firmly in a delivery and return phase where our team is executing with focus, with discipline, and with care. We delivered a strong fourth quarter that capped off a year of significant financial progress in 2025. We delivered on our commitments, and we have strengthened the business in meaningful and durable ways.

Most importantly, we are now seeing the tangible benefits of our transformation into a purpose-driven, protein-centric, and brand-led CPG company following the Canada Packers spin-off. Strong execution, brand leadership and the returns from our strategic investments are driving sustained growth, margin expansion, improving consistency and are positioning us for long-term value creation.

We entered 2026 with operational momentum, a strong and healthy balance sheet and a sharper strategic focus. Our identity and our priorities are clearer than ever. Now let's begin today with unpacking our fourth quarter performance, a quarter of continued momentum in top line growth and growing adjusted EBITDA. We are executing against our 5 core growth platforms, which have proven resilient through difficult market conditions, leveraging our leadership in Sustainable Meats, investing in our portfolio of leading brands to grow consumer demand and loyalty, accelerating the pace of impactful innovation, expanding our geographic reach into the U.S. markets, and embedding Maple Leaf's unique and differentiated capabilities into our customer strategies.

As a result, sales were $991 million in Q4, up 8.1% year-over-year, outpacing North American CPG and our competitive peer set. Performance in Q4 showed strength across both of our operating units. Prepared Foods grew 6.1%, driven by pricing and improved mix. We increased our Canadian branded market share in the quarter and branded volumes grew a clear sign of competitive strength.

Poultry sales grew 13.1% in the quarter, driven by improved channel mix and volume growth across both retail and foodservice. Value-added poultry remains a structural growth engine with London Poultry, enabling sustainable mix improvements, and our Sustainable Meats business performed strongly including double-digit growth in our Prime Raised Without Antibiotics brand, helping us to expand our branded market share in the fresh poultry category this past quarter.

Turning to profitability. Adjusted EBITDA was $117.3 million, up 8.3% with a margin of 11.8%, in line with last year, and an improvement sequentially from 11.1% in Q3. Input cost inflation in Prepared Foods remained elevated as we had anticipated. And while pricing actions have not yet fully recovered the inflation experienced by year-end, the path forward is clear, and our team is focused on executing the actions within our control.

We implemented an inflation-based pass-through price increase in mid- to late February, which we expect will support the delivery of our outlook for this year. Apart from our financial performance, we also successfully navigated a major transformation. The spin-off of our pork operations into Canada Packers at the start of Q4 was 1 of the most significant portfolio transformations in our company's history.

With this separation now complete, Maple Leaf Foods now operates as a protein-focused CPG with a clear vision to be the most sustainable protein company on earth. Our ongoing relationship with Canada Packers including a 16% ownership stake and an evergreen supply agreement securing high-quality, sustainably raised pork is functioning as designed.

The focus gained through this separation allows us to concentrate resources on what we do best, build love and trust, innovate with discipline and operate an efficient, resilient supply chain at scale.

Turning to the full year. While 2025 was certainly not without its challenges, we are pleased with the meaningful progress we delivered against our commitments.

First, we committed to and delivered strong revenue growth. Sales were $3.9 billion for the full year, up 7.7%, reflecting industry-leading performance driven by our proven growth platforms, leading in Sustainable Meats, brand investment, innovation, U.S. expansion, deeper customer integration and continued support from structural demand for protein. We launched more than 50 impactful innovations, including 2 new brands: Musafir and Mighty Protein, both of which are tracking to plan. Our brand presence extended beyond the shelf, including the Look for the Leaf campaign, our partnership with Schneiders and the Toronto Blue Jays and our latest Team Canada Olympic program, which I will return to shortly.

Second, we had committed to and delivered adjusted EBITDA growth and expanded our structural margin. Here too, we showed significant progress in 2025. Adjusted EBITDA was $476 million, up 21% and adjusted EBITDA margins expanded 140 basis points to 12.2%. We delivered $83 million of EBITDA growth through improved mix, operating efficiency, capital project benefits and our Fuel for Growth initiatives.

Third, we are committed to strengthening the balance sheet. We reduced leverage to 2.1x at year-end, firmly within our investment-grade range while maintaining discipline in capital expenditures. This balance sheet strength enabled enhanced shareholder returns. We increased the annual dividend by 9%, repurchased approximately 700,000 shares under the NCIB, and paid a $0.60 per share dividend, totaling approximately $75 million. That special dividend marked a clear transition from deleveraging to a balanced investor-friendly focused capital allocation strategy, supporting both growth investment and shareholder returns.

To put a fine point on it, disciplined execution defined 2025 and that same discipline will guide us through 2026. Our priorities for 2026 are clear. First, to continue to scale the core business, driving sustainable volume and revenue growth through our proven growth platforms; second, to expand our structural margins, growing profit faster than sales through mix improvement, productivity and structural cost reduction as well as pricing to recover the inflationary impacts we felt in the back half of 2025; and third, to continue to demonstrate smart and disciplined capital allocation, acting as prudent stewards of capital and prioritizing long-term value creation.

In January, we provided our 2026 outlook, reflecting confidence in sustaining our operational momentum and strategic focus. To recap, our 2026 outlook is as follows: We expect mid-single-digit revenue growth from 2025. We expect adjusted EBITDA of approximately $520 million to $540 million, driven by revenue growth and margin improvement. We expect to maintain leverage below 3x, supported by strong free cash flow and prudent capital allocation.

We expect capital investments of approximately $160 million to $180 million, focused on maintenance and productivity. We expect annual dividend growth of approximately 10% based on an increase in the quarterly dividend from $0.19 to $0.21 per share marking the 11th consecutive year of an annual dividend increase, and we intend to file a notice of intention with the TSX to renew the NCIB in Q1 of 2026.

All to say, we remain highly optimistic about our future and at our Investor Day next week on March 10, we will provide deeper insight into our strategic blueprint, our execution playbook and showcase the strength of our leadership team that will drive long-term value creation across our business.

Before I conclude, I want to come back to the Team Canada Olympic partnership, which embodied our spirit of competition. As Team Canada's official protein partner, which started last month at Milano Cortina, for the 2026 Olympic Winter Games, and we'll continue through the Los Angeles 2028 Olympic Summer Games. We are aligning our protein brands with the foundation of everyday performance, whether the day starts at work, at school or in training.

The program is showcasing Maple Leaf, Maple Leaf Prime, Maple Leaf Natural Selections and Maple Leaf Mighty Protein in partnerships with Team Canada athletes serving as yet another example of strengthening our consumer connection at scale, while connecting the Maple Leaf brand to moments where Canadians come together. With that, I will now turn the call over to Dave to walk you through some additional financial context. Dave?

David Smales
Chief Financial Officer

Thank you, Curtis, and good morning, everyone. Today, I'll comment on results for the fourth quarter and the full year before turning to the balance sheet and outlook for 2026. Overall, the key financial takeaway from 2025 is that achieving another year of profitable growth and strong free cash flow led to a further reduction in balance sheet leverage to well within our targeted range, and in turn, gives us the flexibility to increase the return on capital to shareholders.

Turning to our results. Sales in the fourth quarter were $991 million, an increase of 8.1% compared to last year. This exceptional level of growth was driven by both Poultry and Prepared Foods, which grew by 13.1% and 6.1%, respectively. In Poultry, sales increased compared to the same quarter a year ago due to improved channel mix with growth in both retail and foodservice volume as well as pricing impacts. Prepared Foods sales growth was driven by a combination of inflationary pricing taken earlier in the year, along with improved product mix in the quarter.

For the full year, sales were $3.91 billion, an increase of 7.7% over 2024. Prepared Foods and Poultry both contributed to this increase, driven by similar factors to those that drove our fourth quarter sales performance. Adjusted EBITDA of $117 million in the quarter increased by 8% versus the fourth quarter of last year, with an adjusted EBITDA margin of 11.8%, which was in line with last year. Increased profitability was primarily driven by favorable Poultry mix tied to retail and foodservice volume growth as well as improved operating efficiencies. These improvements were partially offset by input cost inflation in Prepared Foods, which was a headwind to further margin expansion, although sequentially, adjusted EBITDA margin improved 70 basis points from the third quarter. We have implemented pass-through price increases in the first quarter of 2026 to recover the impacts of inflation.

For the full year, adjusted EBITDA increased by 21% to $476 million, representing an adjusted EBITDA margin of 12.2%, an increase of 140 basis points over 2024. Full year profitability improved in both Poultry and Prepared Foods, driven by similar factors to the fourth quarter, but also included a full year of benefits from the investments in London Poultry and Bacon Centre of Excellence.

SG&A increased by $3 million in the fourth quarter over the prior year, mainly driven by the impact of variable compensation. For the full year, SG&A was up by $6 million with the impact of higher variable compensation and advertising and promotional expenses, partially offset by a high level of consulting fees that were incurred in 2024.

Earnings were $391.2 million for the quarter or $3.14 per basic share compared to earnings of $53.5 million or $0.43 per basic share last year. The increase in earnings for the quarter was driven by strong operating performance and also includes the impact of 3 significant onetime items; a gain from the spin-off of the company's pork operations, a noncash impairment charge related to plant protein intangible assets, and a noncash settlement gain on a pension annuity purchase. After removing the impact of the noncash fair value changes in derivative contracts, start-up and restructuring costs, items included in other expense that are not representative of ongoing operations, and the impact of the 3 onetime items just noted, adjusted earnings represented $0.32 per share for the quarter compared to $0.18 per share in the fourth quarter of 2024.

Earnings for the full year were $541.6 million or $4.36 per basic share compared to earnings of $96.6 million or $0.79 per basic share in 2024. Full year adjusted earnings were $1.09 per share compared to $0.15 per share in 2024. Capital expenditures totaled $126 million for the year compared to $94 million in 2024. The increase was mainly due to increased spend on maintenance projects.

Looking ahead to 2026, we expect capital investments in the range of $160 million to $180 million, with spend focused on maintenance and productivity enhancement initiatives. Free cash flow generation remains strong with $70 million of free cash flow generated in the quarter and $318 million generated in fiscal 2025. This strong free cash flow generation was reflected on the balance sheet, which along with the repayment of $389 million of debt upon closing of the Canada Packers spin-off on October 1, resulted in net debt ending the year down by $521 million versus a year ago to $995 million. This is down nearly 50% from a peak level of $1.8 billion during our large capital project investment phase.

In line with our stated capital allocation priorities, our leverage ratio remains well within an investment-grade range with a net debt to trailing 12 months adjusted EBITDA ratio of 2.1x at the end of the quarter, in line with 2x at the end of the third quarter and down from 2.7x a year ago. With strong free cash flow generation and an investment-grade balance sheet, we now have the flexibility to take a more balanced approach to capital allocation with 2025 seeing an increasing return of capital to shareholders through payment of a fourth quarter special cash dividend of $75 million or $0.60 per share, executing on our NCIB to repurchase approximately 0.7 million shares, and increasing our annual dividend at the start of 2025 by approximately 9%, and a further 10% for 2026.

Our 2026 guidance reflects confidence in the growth potential of the business, and we expect to deliver mid-single-digit revenue growth and adjusted EBITDA in the range of $520 million to $540 million.

I'll now turn the call back to Curtis.

Curtis Eugene Frank
President, CEO & Director

Okay. Thanks, Dave. Let me step back for a moment. Over the past several years, we have made significant investments to transform Maple Leaf Foods, investing more than $2 billion in world-class assets, strengthening our brands, simplifying the portfolio and building a more resilient operating model. That heavy investment phase is complete. And today, we are harvesting the benefits. We are a more focused protein CPG company with structurally stronger margins, materially lower leverage and consistent free cash flow generation.

In 2025, we expanded margins by 140 basis points, reduced net debt by over $500 million and transitioned from a period of balance sheet deleveraging to balanced capital return. That's not a cyclical improvement. That's a structural one. And as we look to 2026, the strategic blueprint is clear: scale the core, expand our margins, and allocate capital with discipline. We entered this year with momentum, financial flexibility and a sharper strategic focus more so than any point in recent memory. The team is executing, and we are confident in our ability to deliver sustained profitable growth and long-term shareholder value creation.
Operator, with that, we can now open the line to questions, please.

Question and Answer

Operator

[Operator Instructions] Your first question comes from Luke Hannan with Canaccord Genuity.

Luke Hannan
Canaccord Genuity Corp., Research Division

I wanted to unpack if we could, the Poultry performance during the quarter. So you put up very strong results there, top line growth there in Q3. That seems to have extended now into Q4 as well. So I'm just curious to find out what the key drivers were, if those have changed at all? And maybe a little bit more specifically, if the volume growth was felt a little bit more in retail versus foodservice?

Curtis Eugene Frank
President, CEO & Director

Okay. Great. Luke, thanks for your question. Yes, we had a very solid quarter again in the Poultry business. Revenues were up just over 13%. And really, that's quite in line with a very solid full year. I think we're up a little over 10% from a revenue perspective in the Poultry business over the course of the full year. I would describe that as the real value of London shining through. And practically, that allows us to take increased allocations from supply management and get them into more and more value-added sales -- convert them into more and more value-added sales.

Within Q4, our retail volume, to your point, was up significantly on the volume side, a little over 10% actually. So that was positive. It was led by our Prime Raised Without Antibiotics brand and our Mina halal brand. So we had a very positive quarter from a retail perspective. And foodservice also grew volume in the double-digit range as well. So the ability to get more value-added poultry into more value-added channels was certainly a positive for our quarter on the Poultry side. We also grew our branded market share, I think, around 1.7 share points in the quarter, which was positive as well. So it was a good strong quarter, but also a great year in the Poultry business, and we expect to be able to sustain that and carry that forward into next year as well.

Luke Hannan
Canaccord Genuity Corp., Research Division

That's great. And then for my follow-up here, you did touch on the pricing actions that you took in mid-February. Have you seen any volumetric response to those price increases that's outside of what you would have expected from the consumer? And then also at this point, are the price increases that you intended to pass through, have those fully been implemented at this point?

Curtis Eugene Frank
President, CEO & Director

Yes, we've passed through the pricing in and around mid-February. So we'll get a partial impact of that within the quarter here. A little early, Luke, to determine the volume response. We're only 3, 4 weeks into the execution mode here. So I think it would be a little bit early to draw any conclusions on the volume side. I haven't seen anything abnormal to be clear. But I just think it's a little bit soon from a consumer perspective in terms of getting a view of the response to the pricing that's in the market today.

Operator

Your next question comes from Irene Nattel with RBC Capital Markets.

Irene Ora Nattel
RBC Capital Markets, Research Division

Curtis, I was wondering if you could expand a little bit on what you're seeing, more broadly speaking, in terms of consumer behavior, seeing sort of the premium end of your product mix seeing volume gains. So what are you seeing across the portfolio? And where are you seeing sort of the most pressure points and the greatest upside?

Curtis Eugene Frank
President, CEO & Director

Yes. Thanks, Irene. I continue to describe -- I use this word frequently, the consumer environment is quite stable. That doesn't mean it's certainly not optimized and the consumer continues to be under pretty significant stress. I mean there's even events unfolding in real time in the world that I think have the potential to add even more stress or different stress from the consumer side. So I'm cautiously optimistic, but I think stability can also be a good thing.

We are seeing more of a flight to value from a consumer perspective than we have seen in previous years. Again, that environment is stable. They're buying more certainly on promotion. So we have to be really sharp from a revenue management point of view in terms of optimizing our offer to the consumer. I think protein has proven to be pretty resilient inside of that, Irene. And I really like the combination of how our growth strategies, whether it be U.S. Sustainable Meats, the work we're doing in our brands, bringing new brands to market, aligning to our customer strategies.

We don't necessarily -- and we're not perfect in any every one of those in any given quarter. But the way that our growth strategies are working in combination, I think, has proven to be pretty effective for us over the course of the last year. And if you look at our outlook for 2026, we do expect that to continue as well. So I think the headline consumer-wise would be stable, still under material stress, looking for value and a lot of shopping on promotion, and we're finding ways within protein to meet their needs today.

Irene Ora Nattel
RBC Capital Markets, Research Division

That's great. And then you just mentioned the new brands. What has been the consumer response to the brands that you recently launched?

Curtis Eugene Frank
President, CEO & Director

Yes, it's been positive. I mean one of the things we're proud of inside of the company is the ability to incubate and build brands over the course of time. If you think about Greenfield Natural Meat Company is a great example. What we did in our halal business with our Mina brand is a great example.

And now these 2 new brand launches in Musafir and Mighty Protein . And Mighty Protein in particular, is going really well, maybe a little bit running ahead of what we would have planned. So that's been really positive in terms of the response. Musafir probably on track to what we would have expected early on. But in brand building, Irene, as you know, this is very early innings. The products haven't been in market all that long, certainly not a full year yet. And they're helpful to our results, but we should be cautious on the materiality of that help. But they are one of the many reasons that we believe we can deliver the outlook we have for next year, which is somewhere in the mid-single-digit revenue growth arena.

Operator

Your next question comes from John Zamparo.

John Zamparo
Scotiabank Global Banking and Markets, Research Division

I wanted to ask about promo spending, and it sounds like Maple Leaf is generating a healthy return on these investments. So I wonder how you expect that to evolve in '26? And are there any products or categories where this has seen outsized investments and anything worth noting in terms of seasonality for this year?

Curtis Eugene Frank
President, CEO & Director

I don't think anything abnormal in terms of seasonality outside of what you would have seen in historical years. So I think a more normalized environment there. If your question, John, is around more promotional intensity? From that perspective, I mean, we have seen early on, as we passed through inflation last year, Poultry and Sustainable Meats in particular was affected quite significantly. And we've seen a good recovery there, modest.

Again, I don't think we're optimized. But the fact that we're growing our Prime Raised Without Antibiotics market share, which is the premium branded player in the Poultry category, I think, is a good sign of, again, stability in the category. So I like that that's materializing. I always say that we operate at the premium end of our category for sure, and we've built that premiumness into our business over the course of time. But we don't operate in premium categories necessarily. We offer good value to the consumer.

And when you think about categories like poultry, which is a great example of consumer staple, I think that's given us a lot of resiliency. So similar comments to what I shared earlier, we're seeing lots of resiliency in our portfolio, and we're not yet optimized in terms of the consumer environment. And we're hopeful or optimistic that over the course of time, that will provide some level of help, but unclear exactly how and when that will unfold.

John Zamparo
Scotiabank Global Banking and Markets, Research Division

Okay. That's helpful. And then on the plant side of the business, has there been any evolution on the thinking behind this, particularly in light of the recent write-down? Does management feel it needs to be in this category still? And is there anything you could say about EBITDA generation or margins in that category?

Curtis Eugene Frank
President, CEO & Director

Yes. We're going to -- I'll let Dave offer a couple of comments if he's got anything extra to share, but we're going to unpack that a little bit more next week at our Investor Day. So I think hold tight on that answer to that question, because I do think there's a longer-term story to be shared around plant protein. But the punchline is, we continue to be of the view that there's a pathway to profitable growth. We should always keep in mind that it's less than 5% of the revenue in the enterprise today. And I, at this stage, view it more as an upside opportunity than anything else, because we have stability in the earnings profile of the business today. And we have upside potential in terms of reaching, call it, portfolio average margins in the Plant Protein business, which I'm very confident that we have a pathway to deliver, and we'll share some more details around that next week.

Dave, anything you would add or anything I missed in that?

David Smales
Chief Financial Officer

No, I don't think so other than we see it as a very relevant long-term category within the broader demand for healthy protein. And so nothing's changed in terms of our view of the relevance of the plant protein business to our overall portfolio.

Operator

Your next question comes from Mark Petrie.

Mark Robert Petrie
CIBC Capital Markets, Research Division

Just a couple of follow-ups, I guess, on topics you've covered already. But clearly, mix is helping you guys. I know it's moved around and you've been able to leverage London Poultry specifically. But where would you say you are in the evolution of mix and the specific levers you have at your disposal to try and move that in your favor? And how should we think about mix as an impact in 2026?

Curtis Eugene Frank
President, CEO & Director

Well, the outcome in mix was a positive one inside of the core. It was kind of the core driver of our revenue growth. So it's been very positive. We still think we have room in 2026. And again, you see that in our outlook in terms of what we've provided in terms of the revenue growth and the EBITDA margin expansion for next year, and mix will play certainly a role in that as well.

I talked earlier about the Poultry benefits, which we're quite pleased with. But I would also note, in Q4, I think an important part of our story is the fact that our branded volumes in Prepared Foods grew in the 4% to 5% range. So when you get a volume growth of 4% to 5% inside of a quarter in our core brands, that's very positive to our mix. And again, proof that our brands have proven to be resilient in the most difficult market conditions here. So I view mix as a positive driver in the near term, and I think there's more to play out looking forward as well, Mark, particularly as the consumer environment continues to normalize here to a certain extent.

Mark Robert Petrie
CIBC Capital Markets, Research Division

Yes. Fair enough. Okay. And then on the last call, you sort of went through some of the tools that you have available to you as you try to sort of manage volatility in pricing and costs following the spin-off. I'm not sure if you're able to, but is there an update on those? And I guess, specifically, your price mechanisms and your approach to hedging were 2 that were sort of in the works, I guess, so to speak. I'm curious if there's an update on those?

Curtis Eugene Frank
President, CEO & Director

Yes. Nothing material. Again, Dave can add any color to this, that might be helpful. Nothing material. I mean those instruments, physical hedges, financial hedges, pricing mechanisms, the utilization of inventory, meaning physical hedge are things we constantly review for optimization, I think, would probably be the right way to describe it. In our business, there's no silver bullet for managing risk, but the combination of those tools can be helpful in stabilizing earnings to the best of our ability.

I mean we don't give quarterly guidance for a very specific reason, which is we expect some level of normal CPG food change quarter-to-quarter in our margin structure, and we try our best with those instruments to smooth the outcomes the best we can. But again, there's no silver bullet. We've been reviewing them from day 1 or before day 1 of the separation, and we'll continue to do that moving forward. But Dave, is there anything you'd add?

David Smales
Chief Financial Officer

No, I think the key comment was there's no silver bullet or step change. It's just a question of ongoing optimization of our approach and things we can do to offset in the short term. But we'll still be operating in an environment where there's time lags in terms of passing on pricing. But everything we can do in and around that is what we're focused on. And it's something that won't change going forward in terms of our focus, but don't expect an ability for us to come and say we've taken all volatility out of the business and you'll never see any change in margin from quarter-to-quarter that isn't ultimately realistic, but we'll continue to work away at managing any variance in input costs, et cetera, as much as we can in the short term.

Operator

Your next question comes from Vishal Shreedhar with National Bank.

Vishal Shreedhar
National Bank Financial, Inc., Research Division

Related to the margins, my understanding was that there could have been some sequential pressure on margins quarter-over-quarter [Audio Gap] quite resilient. I want your perspective on that. Is there some fuel from growth initiatives helping? Or is that just that quarter-to-quarter volatility that you referred to?

Curtis Eugene Frank
President, CEO & Director

Vishal, sorry, you cut out a little bit there in your question. Were you asking about from Q3 to Q4, the kind of change in margin and whether it was in line with what we would have expected?

Vishal Shreedhar
National Bank Financial, Inc., Research Division

Correct. It appeared to be a bit more resilient than I would have anticipated given the commodity pressure which I anticipated.

Curtis Eugene Frank
President, CEO & Director

Yes. Well, we saw -- I think the big thing is, you saw a seasonal decline in input costs, seasonal, Q3 to Q4. That's quite normal in our business. I wouldn't say it's perfect, but quite normal to see a seasonal decline, but still elevated year-over-year. So really important to put that in context. Seasonal decline in raw material input costs, meat costs predominantly, but still elevated year-over-year, which drives the need for the pricing change we've made.

The big story, though, was the mix improvement year-over-year, and that's where the positive resiliency came from. What I commented on in the Poultry business earlier, more retail and foodservice sales and the 4% to 5% branded volume growth in the Prepared Meats side. Those were really a positive and mitigated some of those challenges. That, along with the work we put in place in our Fuel for Growth kind of cost playbook initiatives, those 2 things were positive. The inflationary environment was a headwind. And all in all, we made a decent sequential improvement quarter-over-quarter.

Vishal Shreedhar
National Bank Financial, Inc., Research Division

Okay. And looking at your 2026 outlook, you talked about some of your branded volumes growing in kind of mid-single digits, and you're expecting that kind of revenue growth, but you've also taken pricing. So is the takeaway that you expect the volume growth to slow through 2026 and pricing to be the majority driver of revenue?

Curtis Eugene Frank
President, CEO & Director

Well, pricing will play a role. I don't think I can break it out perfectly, but I expect a positive contribution next year from price for certain, because we'll be advancing our pricing early in the year from volume, maybe to a lesser -- 4% or 5% volumetric growth in a quarter is positive, but I don't know that, that's the sustainable long-term view that you should take. And I think that's running maybe a little bit hot from an overall portfolio perspective. And I also expect mix to be positive again next year. So I think we can think about it as a relatively balanced combination of mix of volume and a price-led growth for 2026.

Vishal Shreedhar
National Bank Financial, Inc., Research Division

Okay. And I just wanted to get your take on industry growth currently, not necessarily MFI growth, but industry growth in the categories that you participate in versus the longer term. This increased demand for protein from consumers, are you seeing that play out in the industry? And is that a factor that you'd anticipate as well to benefit your 2026? Can you give us some context around how strong that demand is?

Curtis Eugene Frank
President, CEO & Director

Yes. I can. Yes. Thanks, Vishal. On the revenue side, the consumer packaged goods revenues in North America are growing depending whether it's Canada or the U.S., but they're in the 2% to 3% range in North American consumer packaged goods broadly as an industry. If you narrow that down to poultry, and we track -- the best way I could describe that to you is in peer comps, there are 4 we track really closely. And that's probably running a little bit maybe around double that rate, 4%, 5%. So 2% to 3% CPG, 4% to 5% in our protein peers. And then our revenue in the last 12 months running at 7.7%, so ahead of that. So protein outgrowing CPG, Maple Leaf outgrowing protein, I think, would be the headline.

Operator

Your next question comes from Etienne Ricard.

Etienne Ricard
BMO Capital Markets Equity Research

You've talked multiple times about expanding your reach in the U.S. market with, I believe, about a dozen products on the shelves currently. How have you been able to gain traction in this market? And would you say it will be easier to move from a dozen products to, let's say, 20?

Curtis Eugene Frank
President, CEO & Director

Well, that's what I always tell my commercial team. I always describe it as getting the first 12 in a new market is an incredible feat, very, very difficult. You need to have a meaningful point of difference to enter a new market. We have that in our Sustainable Meats business. I need to establish a trust and credibility with customers. That's everything from relationships to supply chain and so on. So those are foundational. But once you have the first 12, at least in theory, it's easier to scale from 12 to 20 than it is from 0 to 12.

So we have those relationships in place. We have the platform in the U.S. We've got a great team of people on the ground in Chicago, an office and innovation center, a portfolio of great products in both meat and plant protein. So I'm confident in our ability over the next few years. And again, we'll be talking about this next week at our Investor Day in our ability to continue to scale up our U.S. platform at a reasonable pace that will contribute to long-term growth in the company.

Etienne Ricard
BMO Capital Markets Equity Research

Okay. Looking forward to it. And just to circle back on the new products that you've introduced recently, how long does it typically take for these to reach profitability levels that are similar to company average?

Curtis Eugene Frank

President, CEO & Director

It depends. There isn't a golden rule in that area. And it depends on things like -- some are accretive from day 1, some take a little longer. The marketing investment plays a role in that. The manufacturing footprint plays a role in that, internal, external scalability of volumes, all those factors. So I don't think there's a golden rule. But certainly, we would expect, within the first 12 months or so, for the innovations to be running at portfolio average or accretive margins to the balance of the portfolio.

Operator

[Operator Instructions] Your next question comes from Michael Van Aelst.

Michael Van Aelst
TD Cowen, Research Division

I might have missed it earlier, but I was impressed by the double-digit growth in RWA Prime on the poultry side. But it kind of conflicts with your comments on the stressed consumer. So can you kind of explain what you think is happening with the consumer when it comes to RWA Prime? Because we know that consumers traded down and away from that when the stress started to increase. What are you doing to get it to come back?

Curtis Eugene Frank
President, CEO & Director

Yes. We're seeing a real bifurcation in the market. I mean it started to show up first in the U.S. data, and it's finding its way in the Canadian market as well to a certain extent. But when we say the consumer is under stress, and I believe that's true, and we definitely see that in our business, Mike, there are places where we've shown more resiliency than others. Poultry is a great example of that. I mean it's the most consumed protein. It's the fastest-growing meat protein. It's a staple in the consumer diet. And I think largely consumers care about the offering that they're putting into their bodies.

And what we offer in our Prime Raised Without Antibiotics portfolio is a strong proposition. Our market share in branded poultry is nearly -- it's 15x to 20x, Mike, our next branded competitor, 15x to 20x. So we have a market positioning that I think is admirable, and we've been able to capitalize on that. So it's not something we take for granted. We work hard to earn that right in the Poultry business. But at the same time, it is one pocket of really great news in a tough consumer environment.

Michael Van Aelst
TD Cowen, Research Division

Yes, that's interesting. And then on your price increases, I know you said you implemented them mid-February roughly. I don't know if that was a little delayed from original expectations by a few weeks or not. But can you just talk about whether you were able to get the full price increase you were expecting given how much the retailers have been pushing back on suppliers in general?

Curtis Eugene Frank
President, CEO & Director

Yes. I mean I'm not going to comment on any specific customer relationship. I don't think that's appropriate. But at the end of the day, yes, we implemented our pricing in the quarter. And how much of that sticks, I think, will be more consumer. The stickiness of that pricing will be more about optimizing the offer to the consumer than anything else, and balancing price mix and volume here looking forward. And again, I said it earlier, 2 or 3 weeks later isn't the time to evaluate the consumer response. It's too soon, 2, 3, 4 weeks. But we'll see how that unfolds here in the coming months.

It's normal, as you know, in our business, Mike, you've been around our story for a long time to see some consumer response in the near term following pricing to volume. That's a normative bit of a drop-off in volume following pricing. A little period of time goes, you get the volume and the market share back. I think we've had a pretty -- you continue to use the word resilient response in the last 24 months, but we're being mindful of and watching closely what the volumetric response is. And I do expect some period of adjustment like there normally is, but we'll see how that plays out here in the next little while.

Michael Van Aelst
TD Cowen, Research Division

Does the volume growth that you talked about for brand volumes of 4% to 5%, poultry volumes strong, does that give you any maybe confidence that you might be a little bit more resilient to a volume reaction this time or at least a negative volume reaction to the price increase?

Curtis Eugene Frank
President, CEO & Director

It could be. I hope that's the case, but we'll watch it very closely. I think we'll watch it very closely. And I hope that's the case.

Operator

Your next question comes from Mark Petrie.

Mark Robert Petrie
CIBC Capital Markets, Research Division

I want to follow up, and I understand there are constraints on your ability to buy back stock as a result of the spin-off and the shareholder agreement. But just in terms of setting expectations, how should investors think about the targeted pace of buybacks for 2026?

Curtis Eugene Frank
President, CEO & Director

David, do you want to do it?

David Smales
Chief Financial Officer

Yes. So our intention is to renew the NCIB looking forward over the next 12 months, and to be active with the NCIB. We'll talk a little bit more next week about capital allocation priorities and where the NCIB fits into that. But we expect to be active in buying back shares over the next 12 months.

Mark Robert Petrie
CIBC Capital Markets, Research Division

Can we look at the activity in Q4 as an appropriate sort of run rate level?

David Smales
Chief Financial Officer

Yes. I don't want to set expectations that this is going to be a consistent run rate based on any one particular quarter. As I said, we'll talk a little bit more about it next week, but we have been active. We still think the share price is fundamentally not reflecting the underlying value of the business. And that's why we'll continue to be active -- within the constraints you noted in your question, we'll continue to be active in buying back shares.

Operator

Your next question comes from Irene Nattel.

Irene Ora Nattel
RBC Capital Markets, Research Division

I just wanted to follow up on the comment you made earlier on in the call, Curtis. On the Poultry side, you said that the investments in London Poultry have allowed you to take increased allocations from supply management and convert them to more value-added sales. And I'm wondering how easy or not it is to do that, and what we should be expecting on that front as we move through '26 and beyond?

Curtis Eugene Frank
President, CEO & Director

Well, the big benefit or one of the big benefits, Irene, that London Poultry gave us, as you know, we consolidated 4 plants into one. And the previous network didn't have the capacity or the capabilities. In some cases, it was maybe wet chilled chicken versus air chilled chicken, different format, didn't have the capacity or the capabilities to convert all of our raw material into a premium air-chilled chicken. And London increased the capacity to process chicken into more tray pack, so retail tray pack out of industrial, out of the low-margin industrial channel and into the higher-margin tray pack retail channel, more value-added sales.

So we see stronger consumer demand for poultry. Poultry demand is growing. Allocations for poultry that are set through supply management are growing in response to that higher demand. And our ability to take those higher allocations and get them into a value-added tray is secured by London Poultry. And that makes us, I think, distinctive and unique in the marketplace. From a competitive position, I think it's a structural competitive advantage to be able to do that. And it's one of the reasons, again, why we had such a strong year, and we think we'll have a solid year in 2026 as well.

Irene Ora Nattel
RBC Capital Markets, Research Division

I appreciate that. But to clarify, and I apologize if I don't know this already, but if there's an increase in the allocation from the supply management, can you take larger than your pro rata share of that increase in allocation?

Curtis Eugene Frank
President, CEO & Director

No, no. No. So then it's just a question of whether or not every participant can take that higher allocation and process it into the highest value areas that they would prefer to, and we can.

Irene Ora Nattel
RBC Capital Markets, Research Division

Okay. So you can do what you want with the increased allocation, but you can't take more than your pro rata share?

Curtis Eugene Frank
President, CEO & Director

Roughly correct. Yes.

Operator

There are no further questions at this time. I will now turn the call over to Mr. Frank for closing remarks.

Curtis Eugene Frank
President, CEO & Director

Okay. Great. Thank you, everyone, for joining us today. We had certainly what we view as a strong Q4 that capped off a year of material progress in 2025. Our sales grew at 7.7%, our adjusted EBITDA at 21% and our margin by 140 basis points to 12.2%. So it was a year that I think our people and our stakeholders can be pleased with and proud of. That said, our work is not yet done, and our 2026 outlook certainly reflects that, another material step forward in executing our strategic blueprint. And of course, we have our Investor Day next week. So I put in a plug that I hope all of you will be joining us and where we aim to unpack our strategic blueprint of the future. So looking forward to the discussion next week, and thank you very much for joining us here today.

Operator
Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.