Analyze Carabao's latest earnings result and provide a snapshot of the key numbers, compare the revenues and earnings vs expectations, the key trends by product and geography, changes to the outlook and any key risks

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Carabao Group (CBG) Q3 2025 Earnings Analysis

Key Numbers Snapshot

Metric	Q3 2025	Q3 2024	YoY Change
Revenue	THB 5,496m	THB 5,098m	**+7.8%**
Net Profit	THB 616m	THB 741m	**-16.9%**
EPS	THB 0.62	THB 0.74	**-16.2%**
Gross Profit	THB 1,405m	THB 1,431m	-1.8%
Gross Margin	25.6%	28.1%	-250bps

9M 2025 cumulative: Revenue THB 16,401m (+9.4% YoY), Net Profit THB 2,177m (+5.7% YoY)

Results vs. Expectations

Analysts from Kiatnakin Phatra Securities (KKPS) had forecast Q3 profit at THB 630 million. KAOHOON INTERNATIONAL The actual result of THB 616 million came in **slightly below expectations** (roughly 2% miss). Analysts had expected total revenue to rise by 8% YoY KAOHOON INTERNATIONAL — the actual +7.8% was essentially in-line. However, the gross margin compression was worse than feared: KKPS had forecast gross margin to fall to 25.5% versus 28.1% in Q3 2024 KAOHOON INTERNATIONAL. The actual gross margin came in at 25.6%, so margin expectations were met.

Product Trends

Segment	Q3 2025 Revenue	Q3 2024 Revenue	YoY Change
Own-brand beverages	THB 2,872m	THB 3,020m	**-4.9%**
OEM products	THB 60m	THB 79m	-24.1%
Distribution (3rd party)	THB 2,357m	THB 1,824m	**+29.2%**
Packaging/Others	THB 207m	THB 175m	+18.3%

The core own-brand beverage business (energy drinks, sports drinks, vitamin C drinks) declined as export volumes collapsed. The company offset this with strong growth in its third-party distribution business, which now represents 43% of revenue.

Geographic Trends

Region	Q3 2025	Q3 2024	YoY Change
Thailand (domestic)	THB 4,769m	THB 3,849m	**+23.9%**
CLMV (Cambodia, Laos, Myanmar, Vietnam)	THB 565m	THB 1,010m	**-44.1%**
United Kingdom	THB 31m	THB 56m	-44.6%
Others	THB 131m	THB 183m	-28.4%

The decline was driven by lower exports to the key Cambodian market due to the Thailand-Cambodia diplomatic conflict, which led to a rise in nationalism. Nation Thailand
International sales in Q3 dropped sharply to THB 727 million, a 42% decline YoY, contracting across all major CLMV markets due to the Thailand-Cambodia land-border conflict. Sales in the UK also weakened. Nation Thailand
Domestic market bright spot: Carabao's strong brand presence in the THB 10 segment has helped lift its domestic market share to 26.7% in Q3 2025 KAOHOON INTERNATIONAL, continuing to gain ground despite competition from Osotspa.

Outlook Changes

Near-term headwinds:

- Maybank Securities believes CBG has already seen the worst of the Cambodia impact in September and expects the border dispute to gradually subside. KAOHOON INTERNATIONAL
- CBG's overseas sales are projected to reach a trough in Q3 before staging a recovery in Q4 2025. KAOHOON INTERNATIONAL

Catalysts for recovery:

- The launch of a new production facility in Cambodia in December is expected to alleviate trade friction, especially with products labeled as "made in Cambodia." KAOHOON INTERNATIONAL
- Carabao's factory in Cambodia is set to be completed by year-end, enabling considerable cost savings. KAOHOON INTERNATIONAL
- New Myanmar plant (70% owned) expected to commence commercial operations

- Domestically, CBG is targeting a market share of 27-28% by end of FY2025, up from 26.1% in July. KAOHOON INTERNATIONAL

Analyst estimate revisions: Following the weak Q3, KKPS has cut its target price to THB 62 per share (from THB 68) after revising 2025/26 earnings estimates down by 8% and 9% respectively, while reiterating a 'Buy' rating. KAOHOON INTERNATIONAL

Key Risks

1. **Thailand-Cambodia conflict escalation:** The closure of all border crossings has halted bilateral trade valued at over 174 billion baht. Carabao has responded by tripling stock reserves to cover three months of sales. Nation Thailand Cambodia historically represents ~THB 2 billion in annual sales.
2. **Sugar tax increase:** The planned increase in sugar tax from THB 0.3/liter to THB 1/liter in April 2025 could result in a 3% downside to FY25 EPS if Carabao maintains current sugar content levels. Minichart
3. **UK business weakness:** The UK remains structurally challenged, with sales down 44% YoY despite the Carabao Cup sponsorship.
4. **Margin pressure:** The geographic mix shift toward lower-margin domestic distribution and away from high-margin international own-brand sales is compressing profitability.
5. **New market execution risk:** Investments in Myanmar and Cambodia factories require execution in challenging political environments.

Bottom Line

This was a messy quarter heavily impacted by geopolitical tensions. Revenue growth of 8% masked a significant deterioration in the quality of sales — the core own-brand business shrank while lower-margin distribution filled the gap. Net profit fell 17% YoY, roughly in-line with lowered expectations. The domestic business remains strong with market share gains, but the international business — historically a key value driver — has been severely disrupted by the Thailand-Cambodia conflict. The recovery thesis hinges on diplomatic normalization and the ramp-up of local manufacturing in Cambodia and Myanmar through 2026.