Based on the Q3 2025 financial results released in mid-November 2025, here is the analysis of Carabao Group's (CBG) earnings.

Snapshot of Key Numbers (Q3 2025)

- **Total Revenue: THB 5.50 billion** (+7.8% YoY, -1.5% QoQ).
- **Net Profit: THB 616 million** (-16.9% YoY, -23.0% QoQ).
- **Gross Profit Margin (GPM): 25.6%** (down from 28.1% in Q3 2024 and 27.0% in Q2 2025).
- **SG&A Expenses: THB 658 million** (+14.2% YoY).
- **Earnings Per Share (EPS): 0.62 Baht**.

Revenues and Earnings vs. Expectations

- **Missed Expectations:** Net profit came in approximately **3% below analyst consensus**.
- **Reason for Miss:** The primary driver for the miss was a **higher-than-expected effective tax rate** (22.5% vs. estimated 20%), caused by losses in overseas operations which could not be used to offset domestic taxes.
- **Revenue Performance:** While total revenue grew year-over-year, it declined slightly quarter-over-quarter. The revenue mix shifted unfavorably, which impacted profitability more than the top-line number suggested.

Key Trends by Product and Geography

The quarter was defined by a stark divergence between a booming domestic market and crashing export sales.

1. Domestic Market (Thailand) – The Star Performer

- **Energy Drinks:** Domestic sales surged, hitting new highs. CBG successfully increased its market share to **26.7%** in Q3 (up from 25.8% in Q2), with October share hitting a record **27.6%**.
- **Distribution (Alcohol/Beer):** Revenue from third-party distribution (primarily alcoholic beverages) grew **29% YoY** to THB 2.36 billion. This segment is growing fast but carries lower profit margins than branded energy drinks.

2. International Market (CLMV & UK) – The Drag

- **Cambodia Collapse:** Overseas revenue plummeted **49.1% QoQ** and **39.1% YoY**. The primary culprit was Cambodia (historically a key market), where sales fell **~43% YoY**.
- **Causes:** Border closures, logistics disruptions, and rising anti-Thai sentiment (geopolitical tension) severely impacted sales. Cambodia's contribution to total revenue shrank to just **6%** (down from a typical 13-15%).
- **Myanmar:** A bright spot where a new production facility officially commenced commercial operations in Q3, aiming to reduce costs and localize supply.

Changes to Outlook

- **Q4 2025 Forecast:** Analysts expect Q4 profit to rise slightly quarter-over-quarter due to seasonality and domestic momentum, but likely remain lower year-over-year.
- **Market Share Target:** Management is targeting a domestic energy drink market share of **28%** by year-end, driven by aggressive promotions and the "10 Baht" price point strategy.
- **Cambodia Recovery:** Expectations for a quick recovery in Cambodia have been tempered; revenue from this market is expected to decline further or remain depressed in the near term as geopolitical headwinds persist.

Key Risks

- **Geopolitical Conflict:** The ongoing Thailand-Cambodia border dispute and resulting nationalist sentiment pose a continued threat to what was once CBG's most lucrative export market.
- **Margin Compression:** The "Product Mix" risk is materializing. As high-margin export sales vanish and lower-margin distribution revenue grows, the overall gross margin is being squeezed (down to 25.6%).
- **Sugar Tax:** The sugar tax hike implemented in April 2025 continues to weigh on costs, requiring formulation adjustments or cost savings elsewhere to mitigate.
- **SG&A Inflation:** SG&A expenses rose sharply (+19% QoQ), pushing the SG&A-to-sales ratio to 12.0%, significantly higher than the ~10% seen in previous quarters.