

Based on the financial reports released for the first half (H1) of 2025, here is an analysis of Carabao Group's (SET: CBG) performance.

H1 2025 Key Numbers Snapshot

Carabao Group reported robust growth in both revenue and profit for the first six months of 2025, driven primarily by outstanding performance in its domestic market.

Metric	H1 2025 (Jan-Jun 2025)	H1 2024 (Jan-Jun 2024)	Year-over-Year (YoY) Change
Total Revenue	10,905 Million THB	9,889 Million THB	+10.3%
Gross Profit	2,966 Million THB	2,693 Million THB	+10.1%
EBITDA	2,373 Million THB	2,073 Million THB	+14.3%
Net Profit	1,561 Million THB	1,319 Million THB	+18.3%
Gross Margin	27.2%	27.2%	Flat
Net Profit Margin	14.3%	13.3%	+1.0 ppt

Performance vs. Expectations

Overall, Carabao's H1 2025 performance was strong and **met analyst expectations**.

- **Earnings:** The Q2 2025 net profit of 800 million THB was reported as being in line with consensus.
- **Full-Year Trajectory:** The H1 2025 net profit of 1.56 billion THB accounted for approximately 49% of the full-year analyst estimates, indicating the company is on track to hit its 2025 targets.

Key Trends by Geography

The company's geographic performance was sharply divided between its domestic and international segments.

- **Domestic (Thailand):** This was the standout performer and primary growth engine.
 - Domestic sales of branded products (led by Carabao Dang) saw massive growth, rising **+30% YoY in Q1** and **+27% YoY in Q2**.
 - This success was attributed to the continued **10-Baht retail price strategy**, which has effectively captured market share.
 - Domestic market share for energy drinks continued to increase, reaching **26.7%** by the end of Q3 2025 (showing a strong continuing trend from H1).
 - **International (CLMV & Other):** This segment faced significant headwinds, weighing down overall performance.
 - Overseas sales of branded products **declined by -14% YoY in Q1** and **-2% YoY in Q2**.
 - **Cambodia:** This key market was severely impacted by economic weakness and, more acutely, a "sudden restriction on land border crossings," which disrupted logistics and forced a switch to slower sea freight.
 - **Myanmar:** The market was volatile, facing "political instability" and "uncertainties in import license permissions" in Q1, though it showed robust growth in Q2.
 - **Vietnam:** This was a bright spot, with sales growing **+38% YoY in Q2** following a new partnership with a distributor.
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Key Trends by Product

- **Branded Own Products (e.g., Energy Drinks):**
 - This core segment's growth was entirely dependent on the strong domestic market, which offset international weakness.
 - **Improved Margin:** Despite rising aluminum packaging costs, the gross margin for branded products *improved* (e.g., to 40% in Q2 from 39% in Q2 2024). This was due to economies of scale and effective cost management on other raw materials like sugar and glass.
- **3rd Party Products for Distribution (e.g., Alcohol):**
 - This segment saw very strong growth, increasing **+22% YoY in Q2**.
 - This fast growth helped boost the total top-line revenue. However, because this is a **lower-margin business**, its increasing share in the sales mix slightly diluted the company's *overall* gross profit margin, even as the core energy drink margin improved.

Changes to Outlook

- **Management Stance:** Management maintained a **positive outlook for the second half of 2025**, expecting domestic revenue growth to remain strong.
 - **Analyst Cautions:** Analysts noted that Q3 2025 would be challenging due to the escalating border conflict with Cambodia, but they expected a **recovery in Q4 2025**.
 - **Strategic Mitigation:** To de-risk its international business from import and political uncertainties, Carabao is accelerating the construction of new factories.
 - **Myanmar Factory:** Expected to commence operations in Q3 2025.
 - **Cambodia Factory:** Expected to commence operations by the end of 2025.
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Key Risks

- **Geopolitical & Border Issues:** The primary risk is the **conflict and land border restrictions between Thailand and Cambodia**, which directly impacts sales to a key market.
- **CLMV Market Instability:** Ongoing political and regulatory instability in markets like Myanmar creates uncertainty for import-based sales.
- **Cost & Commodity Pressures:** Rising costs for key packaging materials, particularly **aluminum**, remain a risk to gross margins, even if they were well-managed in H1.
- **Intense Competition:** The domestic market remains highly competitive, with a key rival, Osotspa (OSP), challenging for market share.
- **Product Mix Shift:** The faster growth of lower-margin 3rd party distribution products could continue to pressure consolidated gross margins if not balanced by high-margin branded sales.