

Analyze the first half 2025 result of Carabao 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

Thought for 6m 9s >

Here's a compact read-through of Carabao's **1H25** performance based on the 2Q25 results.

## 1. Snapshot – 1H25 at a glance

### Headline numbers (consolidated) Fnsyrus +1

- **Sales:** THB 10,905m (1H24: 9,889m) → **+10.3% YoY**
- **Gross profit:** THB 2,966m (1H24: 2,693m) → **+10.1% YoY**
- **Gross margin:** 27.2%, flat vs 1H24 (27.2%)
- **SG&A:** THB 1,090m, **-1.8% YoY**;
  - **SG&A / sales** down from **11.2% → 10.0%**
- **Operating profit:** THB 1,966m (1H24: 1,663m) → **+18.2% YoY**
- **Net profit:** THB 1,561m (1H24: 1,319m) → **+18.3% YoY**
- **Net margin:** 14.3% (1H24: 13.3%)
- **EPS (6M):** THB 1.56 vs 1.32 (+18.35% YoY) KAHOON INTER...

Operationally it's a **volume- and mix-driven revenue recovery**, with **disciplined SG&A** and lower interest costs leveraging into faster earnings growth than sales.

Fnsyrus +1

## 2. Revenue & earnings vs expectations

- **2Q25 net profit THB 800m** was **"in line with expectations"** per FSSIA; they explicitly state 2Q25 NP was in line with their estimate. Fnsyrus
- **1H25 net profit THB 1.56bn** equals **~49% of FSSIA's full-year 2025 forecast**. Fnsyrus +1
- Maybank's Tiger Insight note (English snippet) says **1H25 net profit accounts for ~50% of their full-year forecast**, and they keep their rating, reinforcing the **"on-track"** message. kelive.maybank-k...

- Bloomberg consensus FY25E EPS is about **THB 3.20**; 1H EPS 1.56 is **~49% of that**, again suggesting **roughly in-line progression** at mid-year. Fnsyrus +1

### Bottom line:

H1 numbers are **broadly in line with the street**, slightly ahead of a simple 50/50 split on revenue and a bit stronger on margins/earnings, so brokers are largely maintaining FY25 forecasts and target prices rather than revising materially.

Fnsyrus +2

## 3. Key trends by product

All numbers below are **1H25 vs 1H24** from FSSIA's exhibit. Fnsyrus

### a) Branded own products (Carabao energy drinks etc.)

- **Branded own sales (total):**
  - 1H25: **THB 6,225m** vs 5,738m → **+8.5% YoY**
- **Domestic branded own:**
  - 2,763m → **3,488m** → **+26.2% YoY**
- **Overseas branded own:**
  - 2,975m → **2,737m** → **-8.0% YoY**

Qualitative drivers from company disclosure (via Kaohoon): KAOHOON INTER...

- **Domestic Carabao Dang energy drink sales in 2Q25 were +27% YoY**, supported by:
  - Low **retail price of THB 10** maintained as a core strategy.
  - Expanded distribution via **small wholesalers** and **alcoholic-beverage distributors' networks**.
- Branded own **gross margin** stayed high at ~40% for 1H25 (38.9% → 40.1%).

Fnsyrus

### b) 3rd-party distribution

- **3rd-party sales: 3,546m → 4,166m, +17.5% YoY.** Fnsyrus
- Still **lower margin** (GM 8.5% in 1H25 vs 9.4% in 1H24). Fnsyrus
- Mix shift towards 3rd-party contributed to the slight **dip in consolidated gross margin** despite softer raw-material and packaging costs. Fnsyrus +1

### c) OEM & packaging

- **Branded OEM:** small business, 142m → 127m (-10.6% YoY).

- **Packaging/other:** 463m → 387m (-16.4% YoY); GM here also fell, from 22.6% to 24.0% (full-year basis) but with weaker 2Q25. Fnsyrus

### Read-through:

1H25 growth is overwhelmingly driven by **core Carabao energy drinks domestically** plus a **bigger 3rd-party distribution book**. Packaging and OEM remain small and somewhat weak.

## 4. Key trends by geography

From the same table: Fnsyrus +1

### Sales mix shift towards domestic

- **Domestic sales:**
  - 6,913m → **8,168m (+18.2% YoY)**
  - Share of sales: **69.9% → 74.9%**
- **Overseas sales:**
  - 2,975m → **2,737m (-8.0% YoY)**
  - Share of sales: **30.1% → 25.1%**

**Regional colour (mainly from 2Q25 disclosure):** KAOHOON INTER... +1

- **CLMV overall:**
  - Overseas sales in 2Q25 **-3% YoY**, driven by **CLMV -4% YoY**;
  - Main issue is the **Thailand–Cambodia land-border restriction**, forcing a switch to **sea freight**, lengthening lead times and causing shipment delays.
- **Cambodia:**
  - Short-term: volume hit from the border closure.
  - Medium-term: CBG is **accelerating construction of a local factory**, targeting commercial operations by **end-2025**, to reduce import risk and logistics costs.
- **Myanmar:**
  - 2Q25 saw **robust growth** helped by seasonality and better economy; a **Myanmar plant** is expected to start commercial operations in **3Q25**, which should also cut logistics costs and improve competitiveness.
- **Vietnam:**
  - 2Q25 sales **+38% YoY**, more than double QoQ, after partnering with a new distributor with better market reach.
  - Management sees **Vietnam as a major growth option**.

**Takeaway:**

1H25 paints a picture of **strong home-market momentum** and **divergent overseas performance**: CLMV (esp. Cambodia) is temporarily disrupted, while **Myanmar & Vietnam** are growth pockets.

---

**5. Outlook & any changes post-1H25**

From FSSIA and other broker commentary: Fnsyrus +3

- **Domestic outlook (positive, unchanged/slightly better):**
  - Management still expects **continued domestic revenue growth** in 2H25, again led by energy drinks gaining share (market share by volume already around **25.5% in 1H25**, up from 23.8% in 1H24). Fnsyrus
  - The company has further scope to **leverage its distribution network** and maintain its **THB 10 price point**, which is working well in a weak consumer environment. KAHOON INTER... +1
- **Overseas outlook (near-term weaker vs previous hopes):**
  - Brokers now expect **softer overseas revenue in 2H25** due to:
    - **low season in Myanmar**, and
    - ongoing **Cambodian land-border closure**, with only partial mitigation from sea freight. Fnsyrus +2
  - The **new plants in Myanmar and Cambodia** are seen as medium-term positives (logistics savings & regulatory risk mitigation), but not a big earnings driver until 2026+. KAHOON INTER... +1
- **Full-year 2025 forecasts:**
  - FSSIA keeps **FY25E net profit at THB 3.20bn** (+12.5% YoY), with **1H25 already delivering 49%** of that. Fnsyrus +1
  - Other houses (Maybank, Thanachart, InnovestX) broadly maintain a **mid-teens net profit growth** outlook for 2025; none appear to be cutting numbers on this result. Thanachart Secu... +2

**Net effect on outlook:**

- **Domestic story is intact to slightly upgraded** (share gains, better cost control).
  - **Overseas contribution is de-risked downward in the near term**, but **structurally supported** by new local plants and improving Vietnam channel.
  - Consensus still sees **double-digit EPS growth in 2025**, with 1H25 tracking in line.
-

## 6. Key risks highlighted or reinforced by 1H25

From FSSIA and company/broker commentary: Fnsyrus +3

### 1. Consumption risk (Thailand):

- Slower-than-expected recovery in low-income Thai consumer spending could cap volume growth even with the THB 10 price point.

### 2. Competitive intensity in energy drinks:

- The domestic market remains highly competitive (Osotspa, M-150, etc.).
- If rivals become more aggressive on promo/discounting, CBG might need to raise A&P spend again, pushing SG&A back toward 11–12% of sales.

### 3. Overseas execution & political/logistics risk:

- **Border restrictions in Cambodia** already hurt CLMV volumes; further disruptions or regulatory changes at borders would prolong the drag.
- Political and FX risks in **Myanmar** could affect the ramp-up and profitability of the new plant.

### 4. Input-cost and FX risk:

- Aluminium and sugar prices are down YoY in 1H25, but could reverse; margins are sensitive given the low absolute price point. Fnsyrus
- Revenue is partly in foreign currencies (CLMV, Vietnam, UK), while many costs are THB-based, leaving some FX mismatch.

### 5. Regulatory & tax risk:

- Thai and export markets can tighten **excise and sugar-related taxes on sugary beverages**, or change advertising restrictions—FSSIA explicitly flags regulatory risk as a key downside. Fnsyrus +1

---

## Quick synthesis

- **Fundamentals in 1H25 look solid:** mid-teens earnings growth, better operating margin, lower interest cost.
- **Beat/miss vs expectations:** essentially “in line” – good enough to support existing FY25 growth narratives but not a step-change.
- **Business mix is shifting:** more **domestic** and more **3rd-party distribution**, while overseas branded energy drink sales are temporarily soft.
- **Forward story:** domestic share gains + eventual normalization of CLMV logistics + new local plants in Myanmar/Cambodia/Vietnam = **still a credible multi-year growth runway**, but **near-term overseas volatility** and competition are the main things to underwrite in any investment case.

