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SkyeChip Berhad

TP: RM1.18 (+34.1%)
Fabless IC Designer with a Strong Growth Trajectory

Main Market Listing

NOT RATED

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Background

SkyeChip Berhad (SkyeChip) is principally engaged in integrated circuit (IC) design, specialising in silicon intellectual property (IP) and silicon-based products, including custom application-specific integrated circuits (ASICs). The group provides licensable silicon IPs for integration into customers' IC products, while also designing and developing custom ASIC solutions tailored to specific customer requirements, delivering semiconductor chips optimised for targeted applications.

IPO Statistic

The IPO entails a public issue of 400,000,000 new ordinary shares. There is no offer for sale. At the issue price of RM0.88/share, the IPO implies a market capitalisation of RMI.6bn.

Public issue:

- 35,920,000 new shares for application by the Malaysian public;
- 99,407,200 new shares for application by eligible parties; and
- 264,672,800 new shares for selected investors.

Main Competitive Advantages

1. Expertise in silicon IP design and development;
2. Strong relationships with foundries; and
3. Experienced management team.

Valuation

At an IPO price of RM0.88/share, SkyeChip is priced at a trailing PER of 42.6x FY25 core EPS. We value the company at 35x CY27 EPS, arriving at a fair value of **RM1.18/share. Not Rated.**

Earnings Summary

FYE March (RMmn)	2024	2025	2026F	2027F	2028F
Revenue	77.1	119.5	148.2	185.2	235.2
Gross profit	36.0	50.4	66.4	80.0	102.3
EBITDA	32.0	43.4	52.0	61.1	71.4
EBITDA margin (%)	41.6	36.3	35.1	33.0	30.4
EBIT	33.6	36.5	49.0	57.6	67.4
PBT	34.6	37.0	49.3	57.8	67.4
PAT	33.7	35.9	46.3	54.0	62.7
Core profit	32.3	37.1	46.3	54.0	62.7
Core EPS* (sen)	1.8	2.1	2.6	3.0	3.5
PER^ (x)	49.0	42.6	34.1	29.3	25.2
Gross dividend (sen)	n.a	n.a	0.5	0.5	0.5
Dividend yield^ (%)	n.a	n.a	0.6	0.6	0.6

*Based on enlarged share base of 1,796.0mn

^Based on IPO price of RM0.88/share

Share Information

Listing	Main Market
Enlarged Share Capital (mn)	1,796.0
Market Cap @ RM0.88 (RM'mn)	1,580.5
Issue price (RM)	0.88
Oversubscription rate	N/A
Estimated free float (%)	26.0

Tentative Listing Dates

Opening of the IPO	29-Apr-26
Closing of the IPO	6-May-26
Balloting of Applications	8-May-26
Allotment of Shares	18-May-26
Listing	20-May-26

Ratio & Analysis

NTA per share (post IPO) (sen)	29.0
Price to NTA (x)	3.0
Proforma Net Gearing (x)	Net Cash

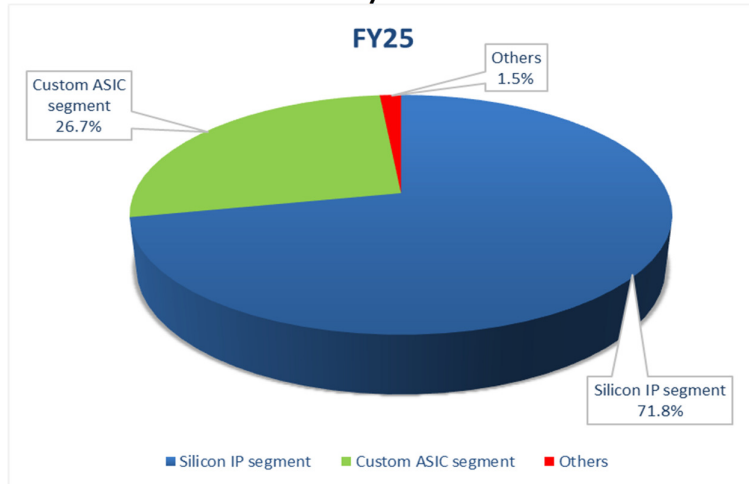
Utilisation of Proceeds

	RM'mn	%
R&D of IC products	155.1	44.1
R&D of silicon IP	56.4	16.0
Expansion of operational facilities and resources	19.0	5.4
Expansion of computing infrastructure and labs	38.1	10.8
Subscription, licensing and/or purchase of EDA and development tools	36.7	10.4
Working capital	32.4	9.2
Estimated listing expenses	14.3	4.1
TOTAL	352.0	100.0

Business Overview

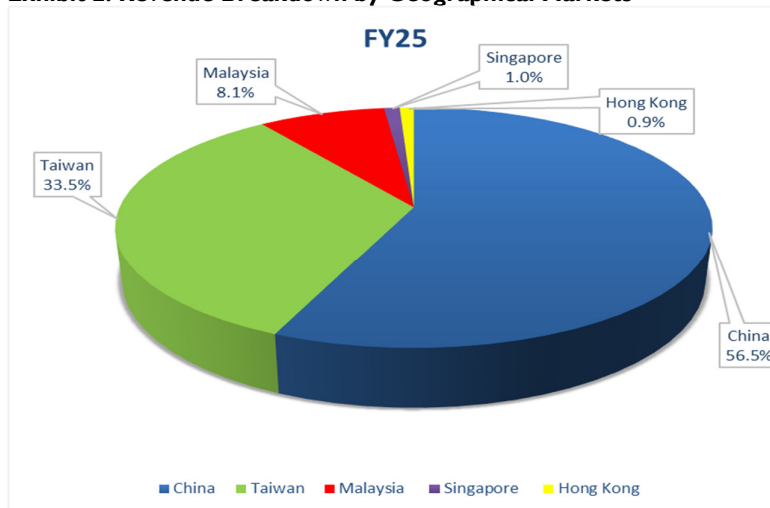
Founded in 2019, SkyeChip is a Penang-based fabless IC design company specialising in silicon IPs and custom ASICs. The group has 36 patents registered across Malaysia, China, and the US, with a further 77 pending. It possesses comprehensive in-house expertise across the IC design value chain, from architecture to product engineering, and has experience in project management and global supply chain execution. The group operates through six subsidiaries across Malaysia, Singapore, China, and Vietnam.

Exhibit 1: Revenue Breakdown by Products and Services



Source: Company, TA Securities

Exhibit 2: Revenue Breakdown by Geographical Markets



Source: Company, TA Securities

Exhibit 3: IPO Structure

Public Issue	No. of Shares	% of Enlarged Share Capital
Malaysian public	35,920,000	2.0
Eligible parties	99,407,200	5.6
Placement to selected investors	264,672,800	14.7

Source: Company, TA Securities

Utilisation of Proceeds

The estimated gross proceeds of RM352.0mn raised are expected to be utilised for the following:

Exhibit 4: Utilisation of Proceeds

Utilisation of proceeds	Estimated timeframe for utilisation	RM'000	%
R&D of IC products	36 months	155,100	44.1
R&D of silicon IP	36 months	56,400	16.0
Expansion of operational facilities and resources	36 months	19,000	5.4
Expansion of computing infrastructure and labs	36 months	38,100	10.8
Subscription, licensing and/or purchase of EDA and development tools	36 months	36,700	10.4
Working capital	36 months	32,400	9.2
Estimated listing expenses	3 months	14,300	4.1
	Total	352,000	100.00

Source: Company, TA Securities

Investment Thesis

1) Expertise in silicon IP design and development

SkyeChip is the original designer of standard silicon IPs with reconfigurability, enabling the group to license these products to multiple customers. Over the years, the group has successfully designed and commercialised a range of silicon IPs, including memory interface IP, Network-on-Chip IP, and Die-to-Die interface IP, leveraging its in-house expertise. This library of IPs supports scalable business growth, as each IP can be licensed on an off-the-shelf basis or reconfigured to meet specific customer requirements across different operating environments.

2) Strong relationships with foundries

SkyeChip has access to advanced technologies down to the 3nm process node through established foundry partnerships, enabling the group to access Process Design Kits (PDKs) from the foundries for IC design. These PDKs contain essential design rules, simulation models, and documentation, ensuring that designs meet manufacturability and yield requirements.

3) Experienced management team

The group is led by chief executive officer, Dato' Fong Swee Kiang, and chief technology officer, Teh Chee Hak, who have over 35 years and 20 years of experience, respectively, in the semiconductor industry. They are supported by a technical team comprising 365 professionals holding degrees, diplomas, or certifications in relevant fields.

Future Plans and Business Strategies

1) Expanding silicon IP portfolio and application scope

The group plans to expand its silicon IP portfolio to broaden its revenue base, including the design and development of next-generation Network-on-Chip (NoC) IP and memory interface IP. In addition, it intends to expand into the automotive IP segment by enhancing and qualifying its NoC IP to meet functional safety requirements, including compliance with ISO standards. This initiative is

aimed at capturing growing opportunities driven by increasing demand for advanced automotive technologies.

2) Design and development of compute and AI silicon products

The group plans to design and develop new compute and AI silicon products to address rising demand for high-performance, energy-efficient processing in data centres and AI applications. These initiatives include the development of high-performance CPU and AI platforms.

3) Design and Development of 2.5D/3D and Other Silicon Products

The group intends to expand its IC design capabilities to develop 2.5D/3D and other silicon products, targeting opportunities in advanced semiconductor packaging.

4) Expansion of facilities and resource capabilities

The group plans to continue scaling up its facilities, including the establishment of new research and development and sales offices to support ongoing business and product expansion. This will be supported by increased technical resources to strengthen capabilities in developing new silicon IPs and products.

Key Risks Relating to Business and Industry

- i) Continuity of order book is not assured;
- ii) Dependence on foundries and external design tools for production and design support; and
- iii) Dependence on key executives, including the chief executive officer and chief technology officer.

Outlook

According to an independent market research report prepared by Vital Factor Consulting, which was enclosed in the IPO prospectus, the outlook for the IC design industry is shaped by a combination of technological advancements, evolving market dynamics, policy support, and geopolitical developments. Given that China and Taiwan account for over 90% of the group's revenue, developments in these markets are pivotal.

Between 2023 and 2025, China's IC output expanded at a CAGR of 10.8%, reaching 484.3bn units in 2025. Over the same period, Taiwan's IC design industry recorded a CAGR of 14.0%. In 2025, Taiwan's semiconductor industry revenue surged 22.7% YoY to approximately TWD6.5tn (RM897.1bn), driven by strong demand for advanced nodes, particularly in high-performance computing and smartphone applications.

Overall, we remain positive on the IC design industry, supported by the sustained expansion of the global semiconductor market, underpinned by robust AI-driven demand. The global semiconductor sales are projected to approach USD1tn by 2026, marking another record year. Meanwhile, SkyeChip's earnings visibility is also supported by a healthy unbilled order book of RMI 30.3mn as at 31 March 2026, comprising 18 ongoing contracts.

Balance Sheet

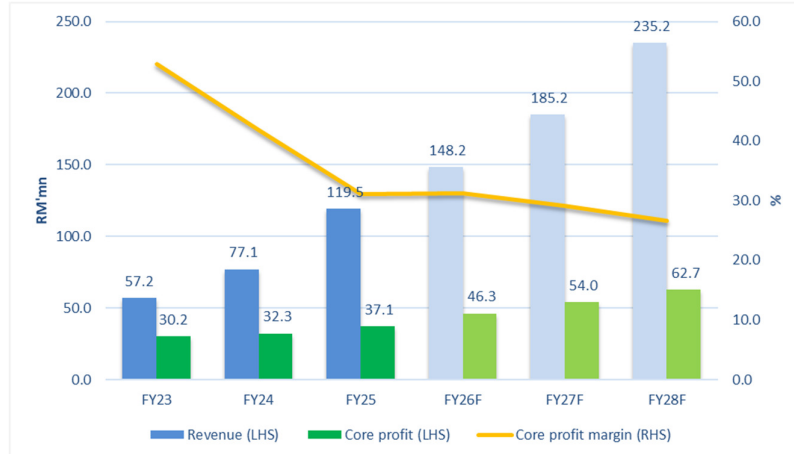
On a pro forma basis, post-listing with the utilisation of IPO proceeds, the balance sheet is expected to be in a net cash position of RM398.3mn or 22.2sen/share.

Dividend Policy

The group targets a dividend payout ratio of up to 25% of its net profit.

Financial Highlights

Exhibit 5: Financial Performance



Source: Company, TA Securities

For FY24, revenue rose 34.8% YoY to RM77.1mn from RM57.2mn a year earlier, primarily driven by stronger contributions from the standard silicon IP segment, supported by a higher number of project wins. Consequently, core profit increased 6.8% YoY to RM32.3mn. In the subsequent year, revenue grew a further 55.1% YoY to RM119.5mn, underpinned by increased contributions from both the custom ASIC and standard silicon IP segments. In tandem, core profit rose 15.1% YoY to RM37.1mn.

Earnings Forecast

We estimate the group to record earnings growths of 24.8%, 16.6% and 16.0% to RM46.3mn, RM54.0mn, and RM62.7mn for FY26, FY27 and FY28 respectively, backed by i) an unbilled order book of RM130.3mn; ii) its business expansion plan; and iii) a healthy industry outlook.

All in, our FY26-28 earnings projections are premised on the key assumptions below:

- Revenue growth of 24.0%, 25.0%, and 27.0% for FY26/FY27/FY28 respectively; and
- Gross margins of 44.8%, 43.2%, and 43.5% for FY26/FY27/FY28, respectively.

Valuation

Currently, there is no listed company on Bursa Malaysia that is directly comparable to SkyeChip. Nevertheless, we use Oppstar Bhd, a Malaysia-listed IC design house, as the closest peer for comparison. We assign a target PE multiple of 35x against SkyeChip's CY27F earnings and arrive at a fair value of **RM1.18/share**. This is after considering the group has:

- a. Strong expertise in silicon IP design and development;
- b. Scalable business model;
- c. Established relationship with foundries;
- d. High profit margin with net cash position; and
- e. Experienced management team.

Exhibit 6: Peer Comparison

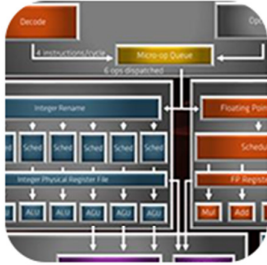
Stock	Share price (RM)	Market Cap (RMmn)	EPS [^] (sen)	P/E ratio (x)	DPS [^] (sen)	Div Yield [^] (%)	Net gearing (x)	P/B ratio (x)
OPSTAR	0.33	211.4	(1.3)	n.a	n.a	n.a	Net Cash	1.7
SkyeChip*	0.88	1,580.5	2.1	42.6	n.a	n.a	Net Cash	3.0

Note: *based on pro-forma balance sheet

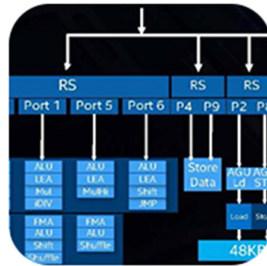
[^]based on previous financial year

Appendix

Exhibit 7: Core Expertise



Architecture



Micro-architecture



Logic Design



Circuit Design



Custom Layout



Physical Design



NPI Engineering



Global Supply Chain Management

Source: Company

Stock Recommendation Guideline

- BUY** : Total return of the stock exceeds 12%.
HOLD : Total return of the stock is within the range of 7% to 12%.
SELL : Total return of the stock is lower than 7%.
Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★	★★★	★★★	★★★
Remark	SkyeChip is implementing energy-saving initiatives, including the extensive use of LED lighting across its operations. In addition, its air conditioning systems are programmed to operate on automated schedules to optimise energy usage.	The group places strong emphasis on fostering an inclusive and diverse workplace, alongside initiatives to ensure a safe working environment for employees. In addition, it prioritises employee development through continuous training and education.	The group has established a governance framework designed to safeguard stakeholder interests, promote fair and transparent decision-making, and ensure compliance with all applicable regulatory requirements. This framework includes a code of conduct and ethics, whistleblowing mechanisms, anti-bribery and corruption policy, fit and proper policy, among other measures, to reinforce transparency and accountability across the organisation.	

- ★★★★★ (≥80%) : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions. +5% premium to target price
- ★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions. +3% premium to target price
- ★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions. No changes to target price
- ★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient. -3% discount to target price
- ★ (<20%) : Minimal or no integration of ESG factors in operations and management. -5% discount to target price

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As of Tuesday, May 05, 2026, the analyst, Chan Mun Chun, who prepared this report, has interest in the following securities covered in this report:
(a) nil

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