

# SkyeChip Berhad (5357)

## Skyward Bound

Bloomberg Ticker: SKYECHIP MK | Investment Horizon: 12 Months

### Recommendation

We recommend a **Subscribe** rating for SkyeChip Berhad (SkyeChip) with a **Target Price** of **RM1.38**, representing a **56.8% upside**. SkyeChip is a silicon IP designer and custom ASIC provider, serving semiconductor fabless companies and system OEMs across AI, data center, automotive, and edge computing applications through its memory interface IP, Network-on-Chip IP, and die-to-die interconnect solutions. We favour SkyeChip for its (i) strategic positioning in forced memory IP upgrade cycles (LPDDR6/HBM4) where existing customers must re-license regardless of competitive alternatives, driving high-visibility recurring revenue through FY28F, (ii) geopolitical tailwinds as a Malaysia-domiciled neutral alternative capturing China semiconductor while expanding internationally through foundry platform listings, and (iii) comprehensive IP stack enabling chiplet architecture and custom ASIC expansion

### Investment Highlights

**Patented Silicon IP Portfolio Capturing Forced Upgrade Cycle.** SkyeChip is well-positioned to benefit from a multi-year upgrade cycle in memory interface (LPDDR6/HBM4) and automotive NoC IP, driven by AI and edge computing. Backed by 16% of IPO proceeds for new generation IPs and access to advanced foundry tools, the group is scaling its proprietary, patentable silicon IP, supporting recurring licensing revenue. Its customer base expanded from 4 (FY23) to 18 as of Oct 2025, with strong traction in China, where geopolitical dynamics favour SkyeChip as a neutral supplier. As its IP portfolio expands, SkyeChip can leverage its proprietary, patented silicon IP to penetrate markets beyond China—offering a clear advantage over peers that design but do not own their IP, resulting in non-recurring revenue streams. This dual-market strategy diversifies revenue streams and expands addressable opportunities. We project silicon IP segment revenue growth of 25%-60% annually in FY26F-FY28F, driven by (i) new projects from existing customers, (ii) 4-5 new customer additions annually, (iii) geographic expansion beyond China, and (iv) tailwinds from AI supercycle and automotive sector growth.

**Comprehensive IP Library and Access to Foundries Enabling Custom ASIC Contract Wins.** SkyeChip's comprehensive capability to provide IP sourcing, design services, and manufacturing coordination in a single vendor relationship attracts customers by reducing integration risk and shortening time-to-market compared to multi-supplier approaches. With its comprehensive IP library and access to advanced process nodes down to 3nm, the group has secured 15-year custom ASIC contracts, reflecting the strategic value Chinese customers place on locking in long-duration partnerships with technically capable, politically neutral vendors who guarantee uninterrupted access regardless of US-China policy shifts. The group has also applied for ARM Compute Subsystem (CSS) platform access, which will enable it to leverage the platform alongside its proprietary IPs to create differentiated custom ASIC solutions. ARM CSS is only expected to be a catalyst from CY28 onwards. While custom ASIC contribution may dip in FY26F post-architecture phase, we project 20%–30% growth from FY27F, supported by 44.1% of IPO proceeds allocated to AI silicon and advanced packaging, alongside Customer D contributions, new contract wins, and geographic expansion via foundry partnerships.

**Positioned for the Advanced Packaging Inflection.** The semiconductor industry is shifting from single-die scaling to advanced packaging (2.5D/3D chiplets) as the cost-per-transistor curve flattens beyond 2nm. SkyeChip has built a five-year IP stack comprising HBM3/3E memory interfaces, NoC interconnects, and UCIe-based D2D links that enables chiplet architectures. Critically, the Group holds UCIe membership, positioning it at the standards-definition table for future chiplet interconnects. The Group's new product strategy converts this IP stack into physical silicon products, including CIM (Compute-in-Memory) dies and I/O chiplets, leveraging critical prerequisites such as OSAT interposer PDK access and 3nm foundry capabilities. Physical chiplets sold into volume production generate per-unit revenue on every chip shipped structurally closer to royalty-stream economics than services contracts. However, we do not model any revenue contribution given the early-stage development of these products.

FYE 30 Mar	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	77.1	119.5	154.0	188.7	224.5
EBITDA (RM'mn)	33.8	36.7	56.9	67.6	100.3
Pretax profit (RM'mn)	34.6	37.0	49.4	52.1	72.1
Net profit (RM'mn)	33.7	35.9	47.4	50.6	69.9
EPS (sen)	1.9	2.0	2.6	2.8	3.9
PE ratio (x)	46.9	44.0	33.3	26.8	22.6
Core net profit (RM'mn)	33.7	35.9	47.4	59.0	69.9
Core EPS (sen)	1.9	2.0	2.6	3.3	3.9
Core EPS growth (%)	17.7	6.6	31.9	24.4	18.5
Core PE ratio (x)	46.9	44.0	33.3	26.8	22.6
Net DPS (sen)	0.11	0.76	0.69	0.53	0.56
Dividend Yield (%)	0.9	0.8	0.7	0.8	1.1
ROE (%)	55.1	28.4	30.3	9.2	11.6
P/BV (x)	25.9	12.5	10.1	2.9	2.6

**Subscribe**

Target Price: RM1.38 (+56.8%)

Current Share Price: RM0.88

Main Market  
Technology

**Tan Jia Hui**

Research Analyst

[jiahui@tradeviewcapital.my](mailto:jiahui@tradeviewcapital.my)

### Valuation

**Our target price is based on:**

FY27F PE of 42x, in line with the simple average forward PE of its foreign indirect peers, given their similar business models

### Listing Timeline

Subscription Start Date	29 April 2026
Subscription Deadline	6 May 2026
Ballot Result	8 May 2026
Listing date	20 May 2026

### Listing Details

Shariah Compliant	Yes
New Shares (mn)	400.0
Fund Raised (RM'mn)	352.0
Market Capitalization (RM'mn)	1,580.5

Offering	Total (mn)	Total (%)
Eligible Persons	99.4	5.6
Malaysia Public (Bumi)	18.0	1.0
Malaysia Public (Non- Bumi)	18.0	1.0
PIV Perkasa	7.9	0.4
Selected Investors	256.7	14.3
<b>Total</b>	<b>400</b>	<b>22.3</b>

## Investment Thesis

### **Structural Memory Upgrade Cycle and Automotive Greenfield Opportunity**

SkyeChip is positioned to capture a multi-year forced upgrade cycle in memory interface IP driven by LPDDR6 and HBM4 standards, combined with greenfield expansion into automotive-qualified Network-on-Chip IP. Silicon IP segment revenue grew 50% from RM57.2m (FY23) to RM85.7m (FY25), with memory IP specifically surging 530% from RM7.5m to RM47.2m during the LPDDR4/4x to LPDDR5/5x transition. This silicon IP segment constitutes 71.8% of FY25 revenue.

Each generational transition forces complete customer re-licensing due to fundamental incompatibility between physical layer architectures. The Group is actively developing next-generation LPDDR6 and HBM4 IP solutions. LPDDR6 addresses critical power-bandwidth constraints in edge AI inference, enabling data center-class memory performance at sub-5W power for smartphones and autonomous vehicle ECUs. HBM4 solves bandwidth bottlenecks in next-generation NVIDIA/AMD data center GPUs and hyperscaler custom silicon. Every customer designing chips for mobile AI, edge computing, or data center acceleration shipping 2027-2029 requires either LPDDR6 or HBM4, representing mandatory, not discretionary, spending.

SkyeChip has built three distinct competitive advantages. First, its 18 existing customers as of October 2025 (up from 4 in FY23 and 14 in FY25) represent a captive base that must re-license to upgrade regardless of new customer wins. Second, membership in JEDEC, UCle, and PCI-SIG positions SkyeChip within the standards-setting bodies that define memory and chiplet interfaces, allowing IP design to begin while competitors await final standards. Third, 3nm PDK access from multiple foundries creates binary technical barrier. The Group has 36 registered patents across Malaysia, China, and the USA, with 77 pending applications. Additionally, the Group is leveraging software and firmware expertise to offer EDA tools licensing that streamlines customer integration with silicon IP.

The automotive NoC opportunity is structurally separate from memory IP, targeting Tier 1 automotive semiconductor suppliers. ADAS Level 3+ and autonomous vehicle SoCs require ISO 26262 safety-certified interconnects with deterministic latency and fault tolerance. SkyeChip has commercialised its coherent and non-coherent NoC IP, generating RM27.6m in FY25, marking a key entry point to further enhance its design capabilities and achieve functional safety qualification for the automotive segment. With zero current automotive revenue, this represents pure greenfield TAM expansion. The Group's designation as "Mission-based Project Champion for EV, RE and AI" under Malaysia's NIMP 2030 signals government coordination, while geographic proximity to Southeast Asian automotive electronics manufacturing provides on-site engineering support advantages.

Geopolitical tensions between China and the US are creating new customer acquisition opportunities for SkyeChip. China's semiconductor IP TAM is growing at 5% CAGR during 2026-2034, projected to reach USD1.5bn in 2034, driven by domestic chip design activity, self-sufficiency mandates, rising investment in AI and automotive electronics, and substantial government support for indigenous semiconductor innovation. The group, domiciled in Malaysia with full IP ownership of its memory, NoC, and D2D interface libraries, offers a geopolitically neutral alternative that Chinese customers can engage without Entity List exposure or export control complications. The majority of the 18 silicon IP customers are believed mostly to be East Asia customers. As the group expands its IP library, these solutions can be leveraged to win customers outside China, supported by listings on Samsung and Intel foundry platforms. This dual-market strategy diversifies revenue streams and expands addressable opportunities.

We project meaningful revenue contribution from LPDDR6 and HBM4 commercialization beginning FY27, with 16.0% of IPO proceeds allocated to capture design wins converting to licensing revenue. Adoption should accelerate in FY28 as mainstream deployment begins. We forecast silicon IP segment revenue growth of 19%-60% annually. Growth drivers include: (i) new projects from existing customers on existing IPs, (ii) contribution from new silicon IP products, (iii) 4 new customer additions annually for silicon IP contracts, (iv) the AI super-cycle tailwind, and (v) geographic expansion through Intel Foundry Accelerator IP Alliance & Samsung Foundry CONNECT platform listings. Overall, we expect group revenue growth of 19%-29% in FY26F-FY28F.

## **China Semiconductor Independence Wave and High-Performance CPU Platform Optionality**

SkyeChip's custom ASIC segment grew from zero to RM31.9m (26.7% of FY25 revenue) within 18 months of launching in September 2023. Each ASIC engagement generates three revenue streams: (i) silicon IP licensing fees, (ii) design and development services revenue for architectural definition, integration, and tapeout execution, and (iii) recurring product sales revenue once chips enter mass production under cost-plus arrangements. This one-stop solution consolidates IP sourcing, design services, and manufacturing coordination into a single vendor relationship, reducing integration risk and shortening time-to-market compared to multi-supplier approaches. Importantly, the Group earns fees throughout the chip design process before manufacturing begins, reducing financial risk and ensuring steady cash flow during project execution.

Geopolitical tensions create structural tailwinds as Chinese fabless companies and system OEMs face increasing restrictions on US-origin semiconductor IP (ARM, Cadence, Synopsys) and advanced manufacturing capacity. SkyeChip, domiciled in Malaysia with full IP ownership of its memory, NoC, and D2D interface libraries, offers a geopolitically neutral alternative that Chinese customers can engage without Entity List exposure or export control complications. The Group has secured 15-year custom ASIC contract with Customer D, reflecting the strategic value Chinese customers place on locking in long-duration partnerships with technically capable, politically neutral vendors who guarantee uninterrupted access regardless of US-China policy shifts. This positioning is particularly valuable in AI inference chips, automotive SoCs, and IoT processors where Chinese companies are designing domestic alternatives to Qualcomm, NVIDIA, and NXP products. The RISC-V SoC contract secured in September 2025 further validates this trend, as RISC-V's open architecture allows Chinese designers to avoid ARM licensing dependencies while SkyeChip provides critical memory interface and interconnect IP.

SkyeChip applied for ARM Compute Subsystems (CSS) platform access in July 2025 and received conditional approval in April 2026 under Malaysia's Silicon Vision programme. ARM CSS is a pre-validated, pre-integrated CPU subsystem blueprint designed for server, cloud, and datacenter deployment. Without CSS, building a competitive server CPU from scratch requires 5-7 years and hundreds of engineers. SkyeChip's proprietary memory interface IP (HBM3E, LPDDR5x) and Network-on-Chip IP are native complements to the CSS platform, interfacing directly with the memory and interconnect architectures CSS requires. The IPO allocates 44.1% of proceeds towards R&D of new custom compute and AI silicon products such as new 2.5D/3D for the applications in data centres and AI applications.

We expect lower contribution from custom ASIC in FY26F due to completion of architecture development work during the design phase of the AI inference ASIC. However, we project 20%-30% revenue growth in FY27F-FY28F driven by: (i) contribution from Customer D, (ii) new contracts from existing and new customers, (iii) the established ASIC platform, and (iv) geographic expansion through access to foundry wafer fabrication. With its comprehensive IP library and ARM CSS capabilities, SkyeChip is well-positioned to capture additional customer wins across both Chinese and international markets.

## **Advanced Packaging Inflection and Chiplet Product Optionality**

The global semiconductor industry has reached the physical boundary of single-die scaling. Beyond 2nm, the cost-per-transistor curve flattens. The next decade of performance gains in AI, HPC, and datacenter silicon will come predominantly from advanced packaging, stacking and connecting multiple specialized dies in 2.5D and 3D configurations. This represents industry consensus, not a niche trajectory. TSMC's CoWoS capacity is chronically oversubscribed, while NVIDIA's Blackwell, AMD's MI300, and Intel's Ponte Vecchio all employ multi-die chiplet architectures.

SkyeChip has spent five years building the IP stack that enables 2.5D/3D chiplet architectures. Memory interface IP (HBM3/HBM3E) manages high-bandwidth memory stacks sitting alongside processors on interposers. Network-on-Chip IP handles coherent and non-coherent communication between dies. D2D interface IP, commercialized in July 2025, manages die-to-die communication links between chiplets using UCIe protocol. Critically, SkyeChip holds UCIe membership, positioning the Group at the standards-definition table for the protocol governing all future chiplet interconnects.

The 2.5D/3D product strategy converts this IP stack into physical silicon products: CIM (Compute-in-Memory) dies and I/O chiplets. CIM eliminates the data movement bottleneck by placing computation adjacent to memory, directly addressing the dominant power constraint in AI inference workloads. I/O chiplets comprise three subcategories which are memory I/O, D2D interconnect, and chiplet-based accelerators, providing the physical interface layer in any multi-die package.

SkyeChip has secured critical prerequisites that most aspiring chiplet companies lack. Access to interposer PDK and package design rules from OSAT partners enables physical implementation. Meanwhile, 3nm PDK access from multiple foundries including TSMC allows designing I/O chiplets and CIM dies on the same advanced nodes as customer AI chips, ensuring performance compatibility and eliminating node-mismatch yield risks.

These future silicon products are positioned to benefit from strong global market trends in AI, cloud services, high-performance computing, and advanced packaging technologies, representing substantial long-term growth potential. A physical chiplet sold into volume production generates per-unit revenue on every chip shipped, structurally closer to a royalty stream than a services contract. However, we do not factor in any revenue contribution as development remains at an early stage.

## Company Overview

SkyeChip is a Malaysia-based semiconductor design company founded in 2019 and headquartered in Bayan Lepas, Penang. SkyeChip is principally engaged in integrated circuit (IC) design, specialising in silicon intellectual property (IP) and silicon products including custom application-specific integrated circuits (ASIC). The Group's business model centres on providing licensable silicon IP to customers for integration into their IC products, as well as designing and developing custom ASIC products tailored to specific customer requirements. Unlike general-purpose semiconductors, SkyeChip's chips are optimized for specific applications, delivering enhanced performance, power efficiency, and functionality for targeted use cases. The Group's core product portfolio comprises standard silicon IP including advanced memory interface IP (LPDDR4, LPDDR4x, LPDDR5, LPDDR5x, HBM3, HBM3E) and Network-on-Chip IP, alongside custom ASIC products. SkyeChip is expanding its capabilities into high-performance CPU and AI platforms, 2.5D/3D silicon products, and automotive IP, positioning the Group to capture emerging opportunities in next-generation semiconductor applications. The customer base has grown from four customers in FYE 2023 to 14 customers in FYE 2025, with revenue concentration improving from 89.6% from the top two customers in FY2023 to 60.5% from the top three customers in FY2025, reflecting a more diversified revenue stream.

The Group operates two primary business segments: silicon IP and custom ASIC products. The silicon IP segment generates revenue through licensing fees for its proprietary memory interface and Network-on-Chip IP, enabling customers to integrate these building blocks into their semiconductor designs. The custom ASIC segment provides end-to-end design services, delivering application-optimized chips that address specific customer requirements across computing, networking, and emerging AI applications. This dual-segment approach allows SkyeChip to serve both fabless semiconductor companies requiring design IP and system OEMs seeking turnkey ASIC solutions, creating multiple revenue streams across the semiconductor value chain.

### Utilisation of the RM352.0mn from the IPO Proceeds

Purposes	RM'mn	%	Estimated timeframe for utilisation from the listing date
R&D of IC products	155.1	44.1	36 months
R&D of silicon IP	56.4	16.0	36 months
Expansion of operational facilities and resources	19.0	5.4	36 months
Expansion of computing infrastructure and labs	38.1	10.8	36 months
Subscription, licensing and/or purchase of EDA and development tools	36.7	10.4	36 months
Working capital	32.4	9.2	36 months
Estimated listing expenses	14.3	4.1	3 months

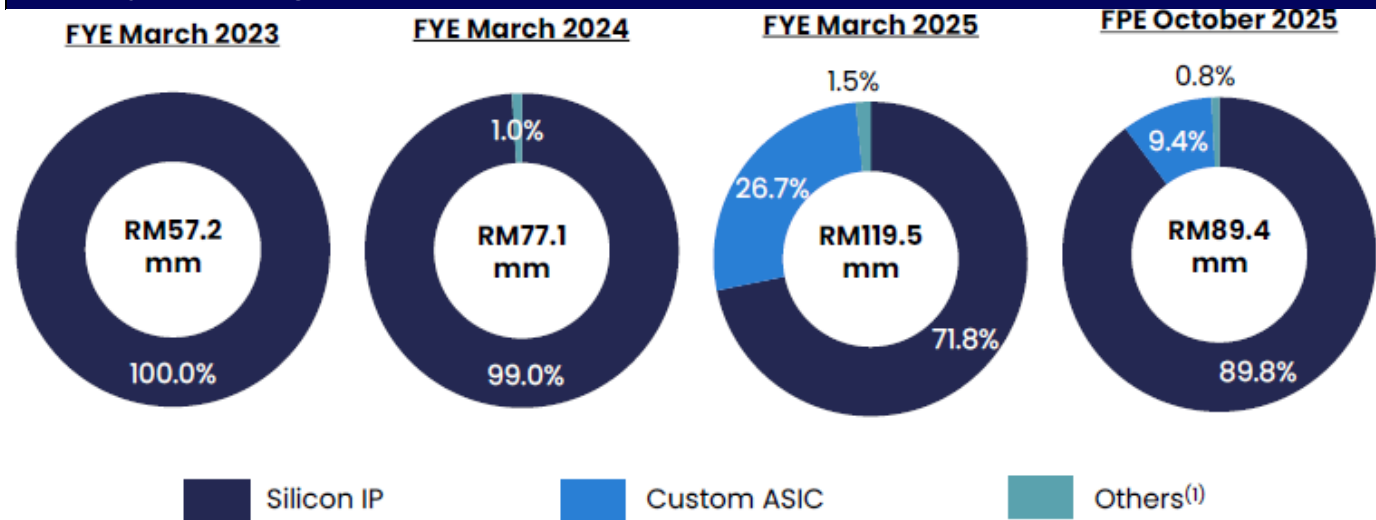
Source: Company Prospectus, Tradeview Research

## Business Segments

Segments	Description
Silicon IP	<ul style="list-style-type: none"> <li>Licensing of proprietary silicon IP cores to semiconductor companies and system designers</li> <li>Memory interface IP including LPDDR4, LPDDR4x, LPDDR5, LPDDR5x, HBM3, and HBM3E</li> <li>Network-on-Chip IP for high-performance communication between processing elements</li> <li>Customers integrate licensed IP into their chip designs, generating recurring licensing revenue</li> <li>Serves fabless semiconductor companies, integrated device manufacturers (IDMs), and system companies</li> </ul>
Custom ASIC Products	<ul style="list-style-type: none"> <li>Design and development of application-specific integrated circuits tailored to customer specifications</li> <li>End-to-end ASIC services from architecture definition through tape-out</li> <li>Chips optimized for specific applications including computing, networking, and AI workloads</li> <li>Delivers superior performance, power efficiency, and functionality versus general-purpose solutions</li> <li>Serves system OEMs and technology companies requiring differentiated silicon</li> </ul>

Source: Company Prospectus, Tradeview Research

## Revenue by Business Segments



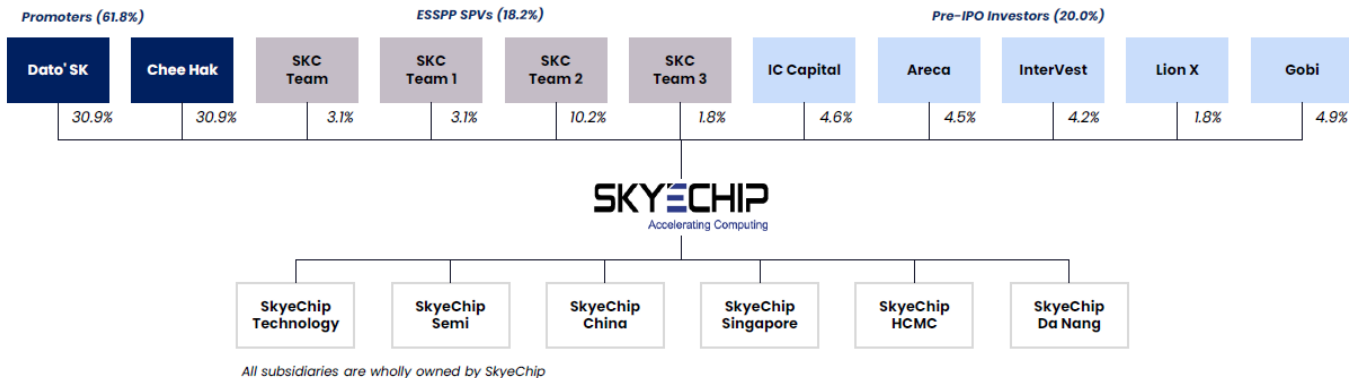
Source: Company Prospectus, Tradeview Research

## Management Team

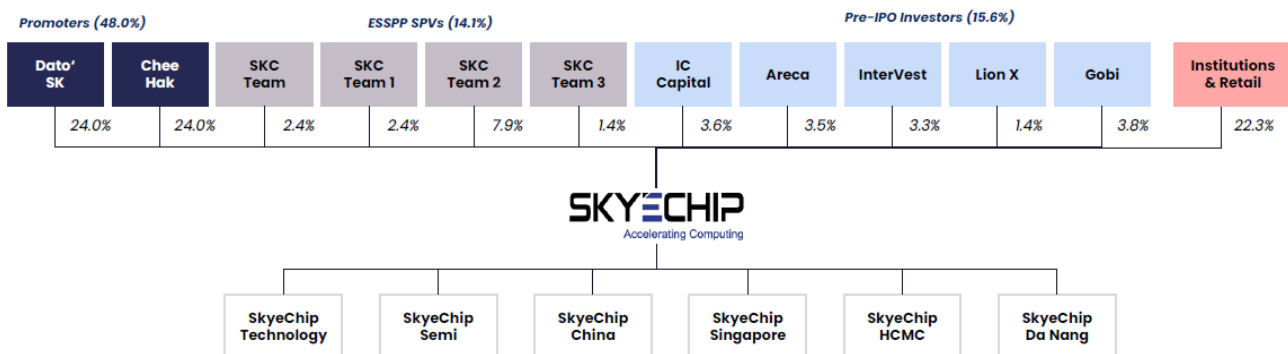
Name and Designation	Profile
<p><b>Dato' Fong Swee Kiang</b>                      Promoter                      Managing Director and                      Chief Executive Officer</p>	<p>Dato' Fong serves as Managing Director and Chief Executive Officer, overseeing the Group's overall strategy and development. He brings over 35 years of semiconductor industry experience, having held senior positions at Intel Corporation, Altera Corporation (M) Sdn Bhd (an Intel Corporation related company following its 2015 acquisition), and Avago Technologies (Malaysia) Sdn Bhd (a Broadcom Inc. related company). He left Avago Technologies in 2019 and joined the Group which commenced business in 2020 through our Company. Since then, he has served as our Chief Executive Officer, where he leads our business strategy, oversees operations, sales and marketing and ensures financial health while managing our business and investment stakeholders. He also guides our executive team, sets long-term goals and drives innovation to foster growth and success in the market, while building key relationships, managing risks and ensuring effective governance.</p>
<p><b>Teh Chee Hak</b>                      Promoter                      Executive Director and                      Chief Technology Officer</p>	<p>He joined SkyeChip on 1 June 2020 and became a 50% shareholder on 10 February 2022. As Chief Technology Officer, he oversees technology development and technical research and development of the Group's products and services. He has over 20 years of semiconductor industry experience, having held various senior technical and engineering roles at Intel Microelectronics (M) Sdn Bhd and Altera Corporation (M) Sdn Bhd. He has since been the Group Chief Technology Officer, where he oversees our technical strategy and leads the design and development of advanced IPs and ASICs for artificial intelligence and high-performance computing applications.</p>
<p><b>Chong Lai Hock</b>                      Chief Operating Officer</p>	<p>He joined SkyeChip in 2024 and has over 30 years of semiconductor industry experience. He graduated with a Bachelor of Engineering (Electrical) from Universiti Malaya with first class honours in 1991. His career includes roles at Intel (1991-1995), Intel Microelectronics (1995-2012) in various positions including Director of System-on-Chip Engineering overseeing end-to-end development of CPUs, chipsets and SoC silicon, Altera Malaysia as Senior Director of Design Engineering (2012-2016), and Intel Microelectronics (2016-2024) as Senior Director managing over 800 engineers in Programmable Solutions Engineering Division. As Chief Operating Officer, he is responsible for SkyeChip's engineering and global operations, overseeing IC and IP development and ensuring alignment with the Group's strategic objectives.</p>
<p><b>Chin Eng Foo</b>                      Chief Information Officer</p>	<p>He joined SkyeChip in 2024 and has over 35 years of semiconductor industry experience. He graduated with a Bachelor of Applied Science in Electronics Science and Technology from Universiti Sains Malaysia with first class honours in 1985. His career includes Intel (1985-1995) as product engineer testing microprocessors and peripheral products, Intel Microelectronics (1995-2011) in positions including Design Automation/Engineering Computing Manager and System Software Manager, Altera Malaysia as software manager (2012-2018), and IC Works as principal engineer (2020-2024). As Chief Information Officer, he oversees the Group's servers, systems and network infrastructure while implementing comprehensive data security strategies to ensure efficient operations and protect sensitive information.</p>
<p><b>Galvin Wong</b>                      Finance Director</p>	<p>He joined SkyeChip in 2023 as Strategic Financial Controller and was promoted to Finance Director in October 2025. He has over 8 years of experience in the financial sector and was admitted as a member of MIA and ACCA in 2023. His career includes AmFunds Management Bhd as equities executive (2017-2018) responsible for equities research, and abrdn Islamic Malaysia Sdn Bhd as investment analyst (2018-2022) and investment manager (2022-2023) with responsibilities in equities research and fund management. As Finance Director, he is responsible for overseeing the Group's statutory reporting and financial management, managing treasury operations including foreign exchange and hedging, cash and liquidity management, and liaising with external stakeholders including auditors, investors and bankers.</p>

## Shareholding Structure

### Pre-IPO



### Post-IPO



Source: Company Prospectus, Tradeview Research

## Industry Outlook

**Semiconductor.** The global semiconductor industry is approaching USD975 billion in 2026, representing 26% year-over-year growth following 22% expansion in 2025, according to World Semiconductor Trade Statistics (WSTS). The industry is projected to reach USD1.03 trillion by 2030. Growth is primarily driven by AI infrastructure buildout, with high-value AI chips accounting for approximately half of total revenue despite representing less than 0.2% of unit volume. Logic semiconductor sales are projected to grow 37% in 2025, while memory sales are expected to increase 28%, both substantially exceeding historical growth rates. Key demand drivers include AI and machine learning deployment, 5G infrastructure expansion, electric vehicle proliferation, and cloud computing growth.

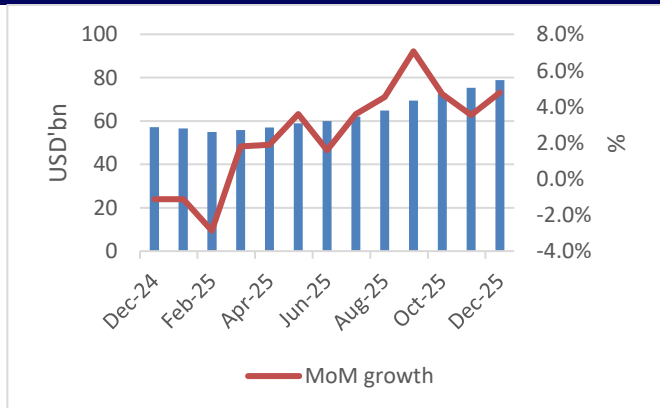
**Silicon IP Market.** The semiconductor intellectual property market is projected to grow from USD6.25 billion in 2025 to USD12.60 billion by 2034, representing a CAGR of 8.1%. The market encompasses pre-designed, reusable IP blocks serving as building blocks for integrated circuit design, including processor cores, memory controllers, and interface protocols. Rising SoC design complexity has intensified demand for pre-verified IP cores as semiconductor companies seek to reduce design time and accelerate time-to-market. Asia Pacific holds approximately 53% of the global market, supported by concentrated electronics manufacturing and robust semiconductor design investments.

**High Bandwidth Memory and Memory Interface IP.** High Bandwidth Memory demand is growing from USD3.17 billion in 2025 to USD12.44 billion by 2031 at 25.6% CAGR, driven by AI accelerator requirements for extreme memory bandwidth—modern systems such as NVIDIA's H200 require up to 4.8 TB/s utilizing HBM3E. HBM3E is projected to account for two-thirds of 2026 shipments, while HBM4 entered mass production in 2026 featuring 2,048-bit interfaces and up to 64GB capacity per stack. HBM IP licensing revenue is expected to reach USD513 million by 2032. Beyond HBM, LPDDR5/5x have achieved widespread adoption in mobile and automotive applications, with LPDDR6 development targeting 14,400 MT/s for AI edge devices.

### Advanced Packaging

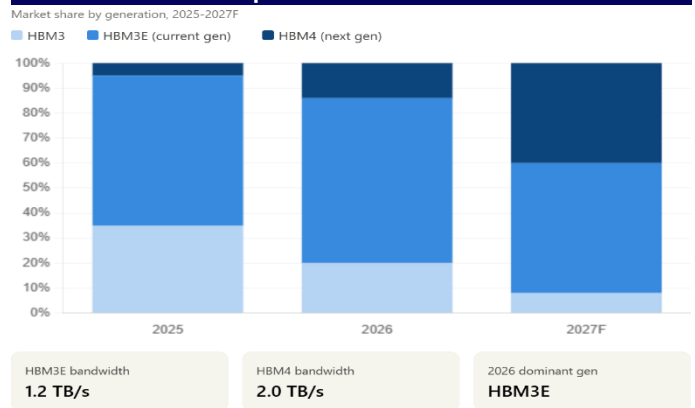
The 2.5D and 3D IC packaging market is expanding from USD58-151 billion in 2025 toward USD150-910 billion by 2032-2035 at CAGRs of 9-29% as traditional Moore's Law scaling faces diminishing returns below 3nm nodes. TSMC's CoWoS and Intel's EMIB platforms dominate 2.5D integration, while 3D stacking utilizes through-silicon vias for vertical integration. CoWoS capacity constraints with lead times exceeding 18 months have driven foundries to invest tens of billions in capacity expansion. Chiplet architectures enabled by Universal Chiplet Interconnect Express (UCIe) standards are accelerating heterogeneous integration, with major technology companies adopting chiplet designs for AI accelerators and HPC processors. HBM integration with logic processors represents the largest application, with AI accelerators requiring four to six HBM3E stacks consuming 15-20% of TSMC's advanced packaging capacity.

### Global Semiconductor Sales



Source: Company Prospectus, Tradeview Research

### HBM Generation Adoption and Transition



Source: Mordor Intelligence, PetSnap

## Valuation

We recommend on SkyeChip with a SUBSCRIBE rating and a target price of RM1.38, implying 57% upside from the IPO price of RM0.88. Our valuation is based on 42x FY27F PE, broadly in line with the simple average forward PE of comparable foreign silicon IP providers and 2 standard deviations below ARM Holdings, which we view as the most relevant benchmark given its pure-play IP licensing model, despite SkyeChip's smaller market capitalization. The 42x multiple represents a 31% premium to domestic indirect peers, which we believe is justified by: (i) SkyeChip's proprietary patented silicon IP portfolio versus design service providers, (ii) strategic access to foundry platforms enabling global customer reach, and (iii) superior profitability with 30.1% net margin in FY25 versus mid-single-digit margins for ASIC-focused domestic peers.

We like SkyeChip for (i) its high growth market exposure on money interface IP portfolio, (ii) strong revenue trajectory with improving diversification as increase in more projects and new customers, (iii) proven management with deep domain expertise.

### Peer Comparison

Company	Share price (LC)	Mkt Cap (RMmn)	FYE	EPS Growth (%)		P/E (x)			Dividend Yield (%)	ROE (%)
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
<b>Domestic Peers</b>										
Oppstar Bhd	0.33	211.7	03/2025	14.9	162.5	N/A	N/A	33.0	N/A	-12.3
<b>Foreign Peers in IP &amp; ASIC Business</b>										
ARM Holdings PLC	211.18	887,291.9	03/2025	7.7	22.3	257.4	120.3	98.3	0.0	11.3
Alchip Technologies Ltd	4,250.00	43,338.8	12/2025	94.1	27.1	61.4	31.6	24.9	1.3	14.0
Socionext Inc	1,927.50	8,737.5	03/2026	-54.7	90.4	38.7	40.1	20.4	2.6	6.5
Faraday Technology Corp	169.00	5,507.2	12/2025	44.8	56.3	90.1	41.5	26.6	1.5	5.6
<b>Simple Avg</b>				<b>23.0</b>	<b>49.0</b>	<b>111.9</b>	<b>58.4</b>	<b>42.5</b>	<b>1.3</b>	<b>9.3</b>
<b>Foreign Peers in the Similar Niche</b>										
Cadence Design Systems Inc	340.94	372,037.4	12/2025	11.4	17.7	68.3	42.9	36.4	0.0	20.7
Synopsys Inc	489.02	370,616.9	10/2025	12.0	17.8	82.7	33.8	28.7	0.0	5.5
Rambus Inc	111.93	47,886.1	12/2025	40.4	23.3	53.3	37.8	30.6	N/A	18.0
<b>Simple Avg</b>				<b>21.3</b>	<b>19.6</b>	<b>68.1</b>	<b>38.2</b>	<b>31.9</b>	<b>0.0</b>	<b>14.7</b>
SkyeChip Berhad	0.88	1,580.5	03/2026	31.9	24.4	44.0	33.3	26.8	0.7	28.4

Source: Bloomberg estimates, Tradeview Research (As of 4th May 2026)

### Margins Comparison

Company	Gross Margin (%)				EBITDA Margin (%)				Profit margin (%)			
	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F
Oppstar Bhd	47.3	0.7	N/A	N/A	38.7	-13.2	N/A	N/A	27.3	-19.1	-33.3	12.5
ARM Holdings PLC	95.2	97.0	98.0	97.7	8.4	26.3	47.0	45.2	9.5	19.8	38.3	38.6
Alchip Technologies Ltd	19.6	26.4	21.4	19.9	18.2	27.1	18.8	18.3	12.4	18.1	14.2	13.0
Socionext Inc	49.7	44.7	46.3	46.3	22.1	14.6	14.3	16.6	11.8	4.3	4.3	7.1
Faraday Technology Corp	45.7	27.0	44.0	42.3	17.0	8.2	16.9	18.4	9.4	4.1	7.9	10.0
Cadence Design Systems Inc	86.0	86.4	87.8	88.1	34.7	33.8	47.2	48.2	22.7	20.9	35.3	36.3
Synopsys Inc	79.7	77.0	82.9	83.0	29.6	24.8	47.1	47.3	36.9	18.9	29.0	31.6
Rambus Inc	80.2	79.6	79.5	78.4	41.5	43.7	47.3	47.1	32.3	32.6	39.8	41.1
Oppstar Bhd	47.3	0.7	N/A	N/A	38.7	-13.2	N/A	N/A	27.3	-19.1	-33.3	12.5
<b>Simple Average</b>	<b>62.9</b>	<b>54.8</b>	<b>65.7</b>	<b>65.1</b>	<b>26.3</b>	<b>20.7</b>	<b>34.1</b>	<b>34.4</b>	<b>20.3</b>	<b>12.4</b>	<b>16.9</b>	<b>23.8</b>
SkyeChip Berhad	46.8	42.2	42.5	42.5	43.9	30.7	37.0	35.8	43.7	30.1	30.8	31.3

Source: Bloomberg estimates, Tradeview Research (As of 4th May 2026)

## SWOT Analysis

### Strengths

- Specialised high-growth IP portfolio
- Proven management with deep domain expertise
- Strong revenue growth trajectory
- Expanding customer diversification

### Weaknesses

- Limited scale versus established IP vendors
- Customer concentration remains elevated
- Geographic concentration
- Early-stage profitability

### Opportunities

- HBM4 and next generation memory interface IP
- Advanced packaging integration
- Custom ASIC segment expansion
- Regional semiconductor investment

### Threats

- Intense competition from larger IP vendors
- Technology obsolescence risk
- Customer vertical integration
- Geopolitical and export control risk

## Investment Risk

1. **Customer concentration risk.** Top-3 customers represented 60.5% of FY2025 revenue despite improvement from 89.6% (FY2023). Loss of a major customer due to competitive displacement, in-house IP development, or customer financial distress would materially impact revenue and profitability. The semiconductor IP industry is characterized by long design-win cycles (12-24 months) and high customer switching costs once IP is integrated into production designs, making customer losses difficult to replace quickly.
2. **Technology and intellectual property risk.** SkyeChip's competitive position depends on maintaining technology leadership in memory interface IP across multiple rapidly-evolving standards (HBM3/3E/4, LPDDR5/5x/6). Failure to achieve successful tape-outs on leading-edge process nodes (5nm, 3nm, 2nm), delays in achieving JEDEC standards compliance, or IP performance/power consumption deficiencies versus competitor offerings would erode market position. Patent infringement claims from larger IP vendors or failure to secure patent protection for proprietary innovations could result in litigation costs and licensing restrictions.
3. **Semiconductor cyclicity and AI demand risk.** Revenue growth is substantially dependent on continued expansion of AI infrastructure investment and HBM adoption. The semiconductor industry exhibits pronounced cyclicity, with memory markets historically experiencing severe downturns characterized by 30-50% revenue declines. A slowdown in AI accelerator deployment, hyperscaler capital expenditure reductions, or memory pricing collapse would reduce customer demand for new IP licenses and delay royalty-bearing chip production. Management's revenue forecasts assume sustained AI infrastructure growth; material deviation from this assumption would impact financial performance.
4. **Competitive intensity risk.** The semiconductor IP market is dominated by well-capitalized vendors including Synopsys (market leader), Cadence Design Systems, and Rambus. These competitors possess materially larger R&D budgets enabling broader IP portfolios, comprehensive design-for-test and verification IP suites, and established customer relationships with tier-1 fabless companies and IDMs. Competitors may bundle memory interface IP with processor IP, analog IP, and EDA tools at aggressive pricing, pressuring SkyeChip's licensing terms and royalty rates. Entrance of additional Chinese IP vendors supported by government subsidies could intensify price competition.

## Financial Overview

### Financial Review

SkyeChip delivered an exceptional 44.5% revenue CAGR over FY23–FY25, primarily driven by maiden contributions from its custom ASIC segment launched in September 2023, alongside robust demand from memory interface IP customers upgrading to LPDDR5/5x and HBM3/3E standards. In FY25, revenue grew 55.0% YoY, underpinned by explosive growth in the memory interface IP subsegment, which expanded 530% from RM7.5m (FY23) to RM47.2m (FY25), as well as the custom ASIC segment's rapid scale-up to RM31.9m (26.7% of FY25 revenue) from near-zero contribution in FY24. FY25 earnings rose 6.5% YoY, tempered by a 4.5ppt compression in gross profit margin to 42.2%, primarily attributable to higher outsourcing of IC design expenses for silicon IP and custom ASIC segments.

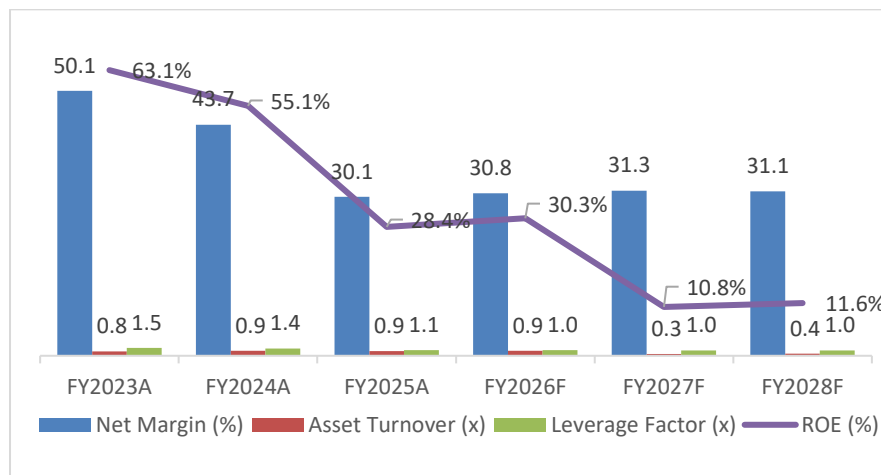
### Financial Forecast

We project SkyeChip's core earnings to grow from RM35.9m (FY25) to RM47.4m in FY26F and RM59.0m in FY27F, representing 32% and 24% YoY growth respectively. This earnings trajectory is underpinned by: (i) commercialization of next-generation silicon IP including LPDDR6 and HBM4 memory interfaces, (ii) sustained customer acquisition momentum in both Chinese and international markets, targeting 4 net new customers annually, and (iii) expanded custom ASIC contract wins enabled by the Group's comprehensive IP library spanning memory, NoC, and D2D interfaces. SkyeChip previously enjoyed a 100% tax exemption under Pioneer Status (Sep 2020–Sep 2025) and has reapplied for a similar incentive for IC design activities in Malaysia. Meanwhile, its Vietnam subsidiary has secured a 5-year tax holiday from May 2025, supporting a structurally low effective tax rate and stronger earnings visibility.

FYE 31 March	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	77.1	119.5	154.0	188.7	224.5
EBITDA (RM'mn)	33.8	36.7	56.9	67.6	100.3
Pretax profit (RM'mn)	34.6	37.0	49.4	52.1	72.1
Net profit (RM'mn)	33.7	35.9	47.4	50.6	69.9
EPS (sen)	1.9	2.0	2.6	2.8	3.9
PE ratio (x)	46.9	44.0	33.3	26.8	22.6
Core net profit (RM'mn)	33.7	35.9	47.4	59.0	69.9
Core EPS (sen)	1.9	2.0	2.6	3.3	3.9
Core EPS growth (%)	17.7	6.6	31.9	24.4	18.5
Core PE ratio (x)	46.9	44.0	33.3	26.8	22.6
Net DPS (sen)	0.11	0.76	0.69	0.53	0.56
Dividend Yield (%)	0.9	0.8	0.7	0.8	1.1
ROE (%)	50.1	28.4	30.3	9.2	11.6
P/BV (x)	25.9	12.5	10.1	2.9	2.6

# EPS and DPS are divided by the enlarged issued shares of 1,796,000,000 upon listing

### DuPont Analysis



➡➡➡ We project lower ROE from FY26F to FY28F, mainly attributed to an increase in shareholders' equity following the IPO exercise and aggressive investment in high-return projects (LPDDR6/HBM4, ARM CSS), not deteriorating fundamentals. Net margins remain healthy at ~31%. ROE will recover as investments generate returns beyond FY28F

**Key Assumptions**

Revenue growth	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Silicon IP	33.5%	12.3%	60.6%	21.5%	18.4%
Custom ASIC		N.A.	-53.0%	33.3%	25.0%

**Sensitivity Analysis**

**Case 1: Changes in net profit against PE to derive target price**

Core Net Profit in FY27F: RM59.0mn

PE in FY27F: 42x

Net Profit (RM'mn) / PE (x)	40.6	45.1	50.2	59.0	67.9	78.0
36	0.81	0.90	1.01	1.18	1.36	1.56
38	0.86	0.95	1.06	1.25	1.44	1.65
40	0.90	1.01	1.12	1.31	1.51	1.74
42	0.95	1.06	1.17	1.38	1.59	1.82
44	1.00	1.11	1.23	1.45	1.66	1.91
46	1.04	1.16	1.28	1.51	1.74	2.00

**Case 2: Changes in net profit margin against revenue growth to derive FY27F earnings**

Revenue in FY26F: RM154.0

Revenue growth in FY27F: 22.5%

Profit margin in FY27F: 31.3%

Net Profit margin (%) / Revenue growth (%)	28.3	29.3	30.3	31.3	32.3	33.3
7.5	46.8	48.5	50.1	51.8	53.5	55.1
12.5	49.0	50.7	52.5	54.2	55.9	57.7
17.5	51.2	53.0	54.8	56.6	58.4	60.2
22.5	53.4	55.3	57.1	59.0	60.9	62.8
27.5	55.5	57.5	59.5	61.4	63.4	65.4
32.5	57.7	59.8	61.8	63.8	65.9	67.9

## Financial Exhibits

### Income Statement

FYE 31 Mar (RM mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	77.1	119.5	154.0	188.7	224.5
Operating expenses	(43.3)	(82.8)	(97.1)	(121.1)	(124.3)
<b>EBITDA</b>	<b>33.8</b>	<b>36.7</b>	<b>56.9</b>	<b>67.6</b>	<b>100.3</b>
Depreciation & amortisation	(0.2)	(0.2)	(7.3)	(15.2)	(28.0)
<b>EBIT</b>	<b>33.6</b>	<b>36.5</b>	<b>49.6</b>	<b>52.4</b>	<b>72.3</b>
Net int income/(expense)	0.9	0.5	(0.2)	(0.2)	(0.2)
Exceptional gains / (losses)	0.0	0.0	0.0	(8.4)	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0
<b>Pretax profit</b>	<b>34.6</b>	<b>37.0</b>	<b>49.4</b>	<b>52.1</b>	<b>72.1</b>
Tax	(0.9)	(1.1)	(2.0)	(1.6)	(2.2)
Minority interest	0.0	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>33.7</b>	<b>35.9</b>	<b>47.4</b>	<b>50.6</b>	<b>69.9</b>
<b>Core net profit</b>	<b>33.7</b>	<b>35.9</b>	<b>47.4</b>	<b>59.0</b>	<b>69.9</b>

### Balance Sheet Statement

FYE 31 Mar (RM mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	12.9	39.0	51.6	136.4	208.4
Other long term assets	5.7	9.4	9.4	9.4	9.4
<b>Total non-current assets</b>	<b>18.6</b>	<b>48.4</b>	<b>61.1</b>	<b>145.8</b>	<b>217.9</b>
Cash and equivalents	24.9	42.5	59.5	358.7	331.4
Inventories	1.0	2.0	3.0	4.0	5.0
Receivables	17.9	35.2	41.9	49.5	58.9
Other current assets	21.5	5.9	(2.5)	(3.5)	(4.5)
<b>Total current assets</b>	<b>65.3</b>	<b>85.5</b>	<b>101.9</b>	<b>408.7</b>	<b>390.7</b>
Payables	17.3	2.7	3.5	4.3	5.2
Short term borrowings	1.1	1.2	1.2	1.2	1.2
Other current liabilities	0.2	0.1	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>18.6</b>	<b>4.0</b>	<b>4.8</b>	<b>5.6</b>	<b>6.4</b>
Long term borrowings	3.2	2.0	2.0	2.0	2.0
Other long term liabilities	1.0	1.6	-	-	-
<b>Total long term liabilities</b>	<b>4.2</b>	<b>3.6</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Shareholders' Funds</b>	<b>61.1</b>	<b>126.3</b>	<b>156.2</b>	<b>547.1</b>	<b>600.5</b>
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Cash Flow Statement

FYE 31 Mar (RM mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	34.6	37.0	49.4	52.1	72.1
Depreciation & amortisation	0.2	0.2	7.3	15.2	28.0
Working capital changes	(24.8)	(20.1)	(5.8)	(6.0)	(7.7)
Cash tax paid	(0.3)	(0.4)	(2.0)	(1.6)	(2.2)
Others	(4.9)	7.1	0.0	0.0	0.0
<b>C/F from operation</b>	<b>4.8</b>	<b>23.7</b>	<b>48.9</b>	<b>59.9</b>	<b>90.1</b>
Capex	0.0	0.0	0.0	0.0	0.0
Others	2.9	(20.6)	(20.0)	(100.0)	(100.0)
<b>C/F from investing</b>	<b>2.9</b>	<b>(20.6)</b>	<b>(20.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>
Debt raised/(repaid)	(1.0)	(1.3)	0.0	0.0	0.0
Dividends paid	(13.6)	(12.4)	(11.9)	(12.6)	(17.5)
Others	1.0	29.3	0.0	352.0	0.0
<b>C/F from financing</b>	<b>(13.6)</b>	<b>15.5</b>	<b>(11.9)</b>	<b>339.4</b>	<b>(17.5)</b>
<b>Net change in cash flow</b>	<b>(6.0)</b>	<b>18.7</b>	<b>17.0</b>	<b>299.2</b>	<b>(27.4)</b>
<b>Free Cash Flow</b>	<b>4.8</b>	<b>23.7</b>	<b>48.9</b>	<b>59.9</b>	<b>90.1</b>



## DISCLOSURE AND DISCLAIMER



This report is prepared and issued by Tradeview Capital Sdn Bhd ("Tradeview") for general circulation only and shall not be construed or considered as an offer, recommendation, invitation and/or solicitation to purchase, subscribe to or sell any securities of the subject company mentioned in this report.

The information contained herein are based on data and sources believed to be reliable at the time of issuance and are subject to change without further notice. Readers are encouraged to evaluate any specific investment or strategy based on individual circumstances, risk profile, investment objectives and/or to seek legal, tax, financial and/or other advice prior to executing any transaction.

Tradeview does not make any representations and/or guarantee to the accuracy and completeness of the information and opinion contained herein and accepts no liability for any direct or consequential loss arising from the reliance of this report. Tradeview and its affiliates, directors, shareholders, employees and/or agents may have positions in the subject company covered in this report and may, from time to time, buy or sell securities of the subject company. This report can be found on <https://www.tradeviewcapital.my/research-depository/>

This report has been prepared by Tradeview pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaim any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report. This report can be found on <https://my.bursamalaysia.com/market/market-updates/bursa-digital-research>

### Tradeview Research Investment Rating System

#### Equity:

BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period

#### IPO Note:

SUBSCRIBE: Total stock return expected to exceed +15% over 12-month period

NEUTRAL: Total stock return expected to below +15% over 12-month period