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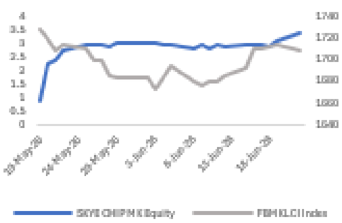
Recommendation:	**BUY**
Current Price:	RM 3.25
Previous Target Price:	RM 4.99
Target Price: ↓	RM 3.76
Capital Upside/Downside:	15.7%
Dividend Yield (%):	0.0%
Total Upside/Downside	**15.7%**

Stock information

Board	MAIN
Sector	Technology
Bursa / Bloomberg Code	5357 / SKYECHIP MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,796.0
Market Cap (RM' m)	5,837.0
52-Week Price Range (RM)	3.8-2.01
Beta (x)	n/a
Free float (%)	36.2
3M Average Volume (m)	n/a
3M Average Value (RM' m)	n/a

Top 3 Shareholders	**(%)**
Teh Chee Hak	27.9
Fong Swee Kiang	27.8
Skc Team 2 Sdn Bhd	7.9

Share Price Performance



	1M	**3M**	**12M**
Absolute (%)	11.3	N/A	N/A
Relative (%)	11.7	N/A	N/A

Earnings summary

FYE (Dec)	**FY27F**	**FY28F**	**FY29F**
Revenue (RM'm)	191.2	241.1	310.8
PATAMI (RM'm)	69.3	90.1	122.1
CNP (RM'm)	72.3	93.9	126.8
EPS - core (sen)	4.0	5.2	7.1
P/E (x)	75.0	57.8	42.8

Source: Company, Apex Securities

Skyechip Berhad

A Bumpy Debut, AI Silicon Runway Still Intact

- **1QFY27 CNP of RM15.3m was below our expectations at 16% of our FY27F, but in line with 23% of consensus, mainly due to lumpy milestone-based revenue recognition.**
- **FY27F-FY29F CNP forecasts cut by 22.5–26.3% to RM72.3m/RM93.9m/RM126.8m, reflecting more conservative revenue timing assumptions.**
- **Medium-term growth remains intact, supported by HBM3E/HBM4 memory interface IP, custom ASIC opportunities and potential ARM CSS/AFA access.**
- **Maintain BUY with a lower TP of RM3.76 (previously RM4.99), based on a P/E of 81.3x applied to mid-point FY27F/FY28F core EPS of 4.6sen (previously 6.1sen).**

Below estimates, but largely timing-related. The Group's **1QFY27 CNP of RM15.3m** was arrived after adjusting listing expenses (RM2.5m), and fair value gains (-RM1.2m), which is equivalent to 16% of our FY27F CNP forecast and 23% of market consensus. While the result was below our expectations, we believe the shortfall was primarily attributable to the timing of milestone-based revenue recognition rather than a meaningful deterioration in underlying demand.

QoQ. Revenue declined by 15.7% QoQ to RM49.6m (4QFY26:58.9m), mainly due to decline in silicon IP revenue amid the timing of project milestones. Excluding the listing expenses (RM2.5) and fair value gains (-RM1.2m), core net profit declined by 49.1% QoQ to RM 15.3m (4QFY26: RM 30m).

YoY. Not applicable, as SKYECHIP was newly listed with no corresponding period for comparison.

Outlook. We remain constructive on SKYECHIP's structural growth story, underpinned by the ongoing ramp of HBM3E/HBM4 memory interface IP licensing and custom ASIC wins (AI inference, RISC-V SoC) across its Chinese, American and Korean customer base. The 1QFY27 US/China revenue split of 54.6%/42.1% affirms the geographic diversification thesis flagged at initiation, easing our concern over China concentration (62.6% of FY26 revenue). On the ARM front, SKYECHIP signed a definitive agreement with MIDA for AFA token access in June 2026, though CSS terms remain under negotiation. That said, revenue recognition remains inherently lumpy under its project milestone-based licensing model, as seen in the 15.7% QoQ dip this quarter, and the Group has yet to meaningfully deploy its RM352.0m IPO proceeds (2.9% utilised), which should underpin capacity and R&D investment through FY27F-FY29F.

Earnings Revision. We cut FY27F/FY28F/FY29F CNP forecasts by 22.5%/26.3%/20.6% to RM72.3m/RM93.9m/RM126.8m (from RM93.2m/RM127.4m/RM159.6m). The revisions reflect the weaker-than-expected 1QFY27 contribution and, more importantly, a more conservative assumption on the timing of milestone-based silicon IP and custom ASIC revenue recognition. While we expect earnings to remain lumpy, we continue to forecast strong medium-term growth as HBM-related IP demand, custom ASIC opportunities and potential ARM-related initiatives scale.

Valuation & Recommendation. We maintain our **BUY call** with a **lower TP of RM3.76** (previously RM4.99), based on a P/E of 81.3x applied to a lower mid-point FY27F/FY28F core EPS of 4.6sen (previously 6.1sen).

Risks. Lumpy quarterly revenue recognition, execution risk on the ARM CSS/AFA platform rollout, lower-than-expected AI-related design wins.

Earnings Summary

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	119.5	155.0	191.2	241.1	310.8
EBITDA	43.4	60.5	85.9	115.0	162.2
Pre-tax profit	37.0	50.0	72.2	94.3	127.1
Net profit	36.0	48.2	69.3	90.1	122.1
Core net profit	37.1	49.7	72.3	93.9	126.8
Core EPS (sen)	2.1	2.8	4.0	5.2	7.1
P/E (x)	146.1	109.1	75.0	57.8	42.8
P/B (x)	42.9	27.7	9.0	7.8	6.7
EV/EBITDA (x)	124.2	88.4	58.3	43.1	30.1
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net Gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Source: Company, Apex Securities

Results Comparison

FYE Mar (RM m)	1QFY27	1QFY26	yoy (%)	4QFY26	qoq (%)
Revenue	49.6	-	*nm*	58.9	*(15.7)*
EBITDA	20.8	-	*nm*	37.7	*(44.8)*
Pre-tax profit	14.4	-	*nm*	32.0	*(55.0)*
Net profit	13.9	-	*nm*	31.5	*(55.8)*
Core net profit	15.3	-	*nm*	30.0	*(49.1)*
Core EPS (sen)	0.9	-	*nm*	1.7	*(49.1)*
EBITDA margin (%)	41.9			64.0	
PBT margin (%)	29.1			54.4	
Core net profit margin (%)	30.8			51.0	

Source: Company, Apex Securities

Geographical Breakdown

FYE Mar (RM m)	1QFY27	1QFY26	yoy (%)	4QFY26	qoq (%)
Revenue					
People's Republic of China	20.9	-	*nm*	28.6	*(26.8)*
USA	27.1	-	*nm*	28.9	*(6.1)*
Malaysia	1.0	-	*nm*	-	*nm*
South Korea	0.6	-	*nm*	1.5	*(57.3)*
Total	**49.6**	**-**	***nm***	**58.9**	***(15.7)***

Source: Company, Apex Securities

Segmental Breakdown

FYE Mar (RM m)	1QFY27	1QFY26	yoy (%)	4QFY26	qoq (%)
Silicon Intellectual Properties	*26.3*	-	nm	*34.0*	(22.7)
Custom ASIC	*23.3*	-	nm	*24.7*	(5.8)
Others	*0.1*	-	nm	*0.2*	(57.4)
Total	***49.6***	**-**	**nm**	***58.9***	**(15.7)**

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	**119.5**	**155.0**	**191.2**	**241.1**	**310.8**
Gross Profit	**50.4**	**69.9**	**81.8**	**103.2**	**141.6**
EBITDA	**43.4**	**60.5**	**85.9**	**115.0**	**162.2**
EBIT	**36.5**	**49.2**	**65.8**	**84.6**	**119.5**
Depreciation & Amortisation	6.9	11.1	21.7	32.5	45.8
Net Finance Income/(Cost)	0.5	0.8	6.4	9.7	7.7
Associates & JV	-	-	-	-	-
Other Income/(Cost)	(0.0)	0.0	-	-	-
Pre-tax Profit	**37.0**	**50.0**	**72.2**	**94.3**	**127.1**
Tax	(1.1)	(1.5)	(2.9)	(4.2)	(5.1)
Profit After Tax	**35.9**	**48.5**	**69.3**	**90.1**	**122.1**
Minority Interest	-	-	-	-	-
Net Profit	**36.0**	**48.2**	**69.3**	**90.1**	**122.1**
Exceptionals	1.2	1.5	3.0	3.8	4.7
Core Net Profit	**37.1**	**49.7**	**72.3**	**93.9**	**126.8**

Key Ratios

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
EPS (sen)	2.1	2.8	4.0	5.2	7.1
P/E (x)	146.1	109.1	75.0	57.8	42.8
P/B (x)	42.9	27.7	9.0	7.8	6.7
EV/EBITDA (x)	124.2	88.4	58.3	43.1	30.1
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	-	-	-	-	-
EBITDA margin (%)	36.3%	39.0%	44.9%	47.7%	52.2%
EBIT margin (%)	30.6%	31.7%	34.4%	35.1%	38.4%
PBT margin (%)	31.0%	32.3%	37.8%	39.1%	40.9%
PAT margin (%)	30.1%	31.3%	36.2%	37.3%	39.3%
NP margin (%)	30.1%	31.1%	36.2%	37.3%	39.3%
CNP margin (%)	31.1%	32.1%	37.8%	38.9%	40.8%
ROE (%)	29.4%	25.3%	12.0%	13.5%	15.6%
ROA (%)	27.7%	21.7%	11.3%	12.7%	14.6%
Gearing (%)	2.5%	2.7%	1.1%	1.3%	1.7%
Net gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Valuations	Mid-FY28F
Core EPS (sen)	4.6
P/E Multiple (x)	81.3
Fair Value (RM)	**3.76**
ESG premium/discount	-
Implied Fair Value (RM)	**3.76**

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Cash	42.5	82.6	426.2	478.5	556.8
Receivables	35.2	50.6	57.4	72.2	90.1
Inventories	-	-	-	-	-
Other current assets	7.9	19.7	43.3	40.2	39.6
Total Current Assets	**85.5**	**152.9**	**526.9**	**590.9**	**686.6**
Fixed Assets	39.0	48.2	72.6	98.4	122.1
Intangibles	6.4	22.2	31.2	40.1	47.3
Other non-current assets	3.0	6.1	7.4	10.4	14.9
Total Non-Current Assets	**48.4**	**76.5**	**111.2**	**148.9**	**184.3**
Short-term debt	1.2	1.4	2.5	3.0	3.7
Payables	2.7	24.2	22.8	28.3	34.3
Other current liabilities	0.1	2.1	3.1	4.3	4.7
Total Current Liabilities	**4.0**	**27.7**	**28.4**	**35.6**	**42.7**
Long-term debt	2.0	3.8	3.9	6.0	10.1
Other non-current liabilities	1.6	2.2	3.4	5.9	9.1
Total Non-Current Liabilities	**3.6**	**5.9**	**7.2**	**11.9**	**19.3**
Shareholder's equity	126.3	195.7	602.5	692.3	808.9
Minority interest	-	-	-	-	-
Total Equity	**126.3**	**195.7**	**602.5**	**692.3**	**808.9**

Cash Flow

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Pre-tax profit	37.0	50.0	72.2	94.3	127.1
Depreciation & amortisation	6.9	11.1	21.7	32.5	45.8
Changes in working capital	(20.1)	(0.4)	(9.4)	(10.7)	(13.9)
Others	(0.1)	0.2	(8.0)	(11.8)	(10.2)
Operating cash flow	**23.7**	**61.0**	**76.4**	**104.3**	**148.8**
Net capex	(36.8)	(35.4)	(53.5)	(65.1)	(73.6)
Others	16.2	(3.9)	(15.3)	16.0	11.4
Investing cash flow	**(20.6)**	**(39.3)**	**(68.8)**	**(49.1)**	**(62.2)**
Dividends paid	(12.4)	-	-	-	(5.0)
Others	27.9	19.7	336.2	(2.5)	(3.0)
Financing cash flow	**15.5**	**19.7**	**336.2**	**(2.5)**	**(8.0)**
Net cash flow	**18.7**	**41.3**	**343.8**	**52.6**	**78.7**
Forex	(1.1)	(1.2)	(0.2)	(0.3)	(0.4)
Others	-	-	-	-	-
Beginning cash	24.9	42.5	82.6	426.2	478.5
Ending cash	**42.5**	**82.6**	**426.2**	**478.5**	**556.8**

Source: Company, Apex Securities

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions 6,384.92 tCO2e in FY25
Waste & Effluent	★★★	A total of 33.23 tonnes of hazardous and non-hazardous waste were recycled in FY25
Energy	★★★	24.0% of total electricity was derived from renewable sources, including a solar PV system in Taiwan and a Power Purchase Agreement (PPA) in Malaysia
Water	★★★	Water consumption 30,647 m^3in FY25

Social

Diversity	★★★	The workforce consists of 63% male and 37% female employees. The Board consists of 25% female directors (2 out of 8)
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	0.14 per 200,000 hours worked, with 1 reported injury incident
Labour Practices	★★★	Completed 9,150.5 total training hours, averaging 16.4 hours (approximately 2 days) per employee in FY25

Governance

Supply Chain	★★★	77% of spending was on local suppliers
Management	★★	100% of employees (except certain support roles) received training on anti-bribery and corruption policies
Human Rights	★★★	0 substantiated complaints concerning human rights violations

Overall ESG Scoring: ★★★

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain + dividend yield

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Tuesday, 18 Aug, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.