META80 (DR)

Scale AI, the $14 billion bet inside Meta's AI resurgence

- Meta's $14b bet on Scale AI is a strategic reset through talent and data control.
- With Wang, Meta bets on becoming an AI force.
- Recommend a BUY with TP of THB2.88 ($700, USD/THB at 32.8)

Meta's unprecedented "Acqui-Hire"

Meta Platforms has invested $14b for a 49% non-voting stake in Scale AI, marking the most expensive "acqui-hire" in tech history. Scale AI is renowned for data labeling, the crucial process of identifying and tagging raw data (like images, text, or audio) to make it usable for training AI models. Alexandr Wang, Scale AI's 28-year-old CEO, will now lead Meta's new "Superintelligence" lab, reporting directly to Mark Zuckerberg. This strategic move highlights Meta's aggressive push to dominate AI and represents a shift towards acquiring talent and critical infrastructure rather than corporate takeovers.

Why Wang, why now?

Alexandr Wang, a 28-year-old MIT dropout and founder of Scale AI, is not your typical AI researcher. Unlike academic heavyweights like Yann LeCun or Ilya Sutskever, Wang is a builder—an execution-focused operator who scaled a niche data-labeling startup into a $28B enterprise supporting defense, government, and tech giants. His ability to ship fast, cut through red tape, and win Pentagon contracts has earned him a reputation as both technically sharp and politically savvy. For Meta, this is precisely what was missing. After LLaMA 4 failed to impress in internal benchmarks—and after multiple top researchers quit due to internal dysfunction—Zuckerberg stepped into "founder mode," taking personal control of AI hiring and strategy. Wang's appointment signals a clear message: Meta's AI revival will be led by pragmatists, not theorists.

Scale AI's reinvention after the deal

Scale AI receives a $14b capital infusion, boosting its valuation to over $28b. This post-deal valuation implies a P/S ratio of 14x, based on its projected $2b revenue for 2025E, reflecting a fair valuation comparing with high growth tech company. However, this wealth comes at a steep cost: the immediate exodus of major clients like Google, Microsoft, and OpenAI, who fear data leakage and competitive disadvantage. This dramatic loss of revenue forces Scale AI to pivot its business model from a data provider to focusing on bespoke AI solutions for government and enterprise clients.

Meta's boldest recruitment strategy yet

Meta's "Superintelligence" lab may sound like a moonshot aimed at Artificial General Intelligence (AGI), but insiders admit it's just as much about branding. In a crowded AI landscape filled with "LLMs" and open-source models, "superintelligence" is a term designed to cut through noise—evoking ambition, attracting top-tier talent, and reclaiming relevance. The move echoes Microsoft's $13b investment in OpenAI and Amazon's $8b stake in Anthropic, but Meta's bet leans heavier on optics and talent centralization. With LLaMA models freely available and lacking commercial lock-in, Meta needed a new narrative. Superintelligence, regardless of its scientific vagueness, gives Meta a bold headline and Wang a mandate to act with founder-like authority.

Recommend a BUY with TP of THB2.88 ($700, USD/THB at 32.8)

This is a bold, decisive move to accelerate their AI ambitions and catch up to, or even surpass, rivals like OpenAI and Google. By bringing Wang in, they're buying a proven operator and visionary who can streamline their AI efforts. Bloomberg consensus recommends a BUY on META80, with a target price of THB2.88 (equivalent to $700, USD/THB at 32.8).

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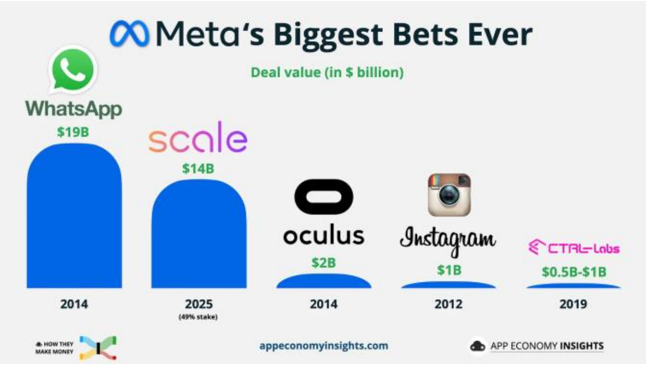
Exhibit 1: META's investments

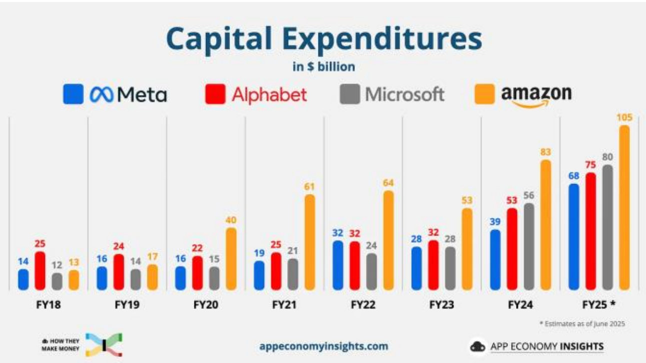


Sources: App Economy Insight

Exhibit 2: Big tech largest AI deals

Sources: App Economy Insight

Exhibit 3: Hyperscalers' CAPEX

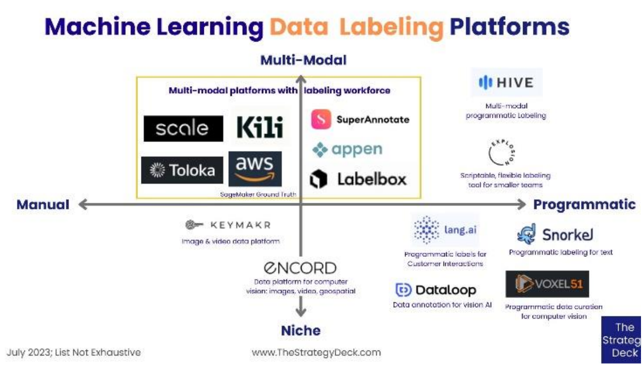


Sources: App Economy Insight

Exhibit 4: Alexandr Wang

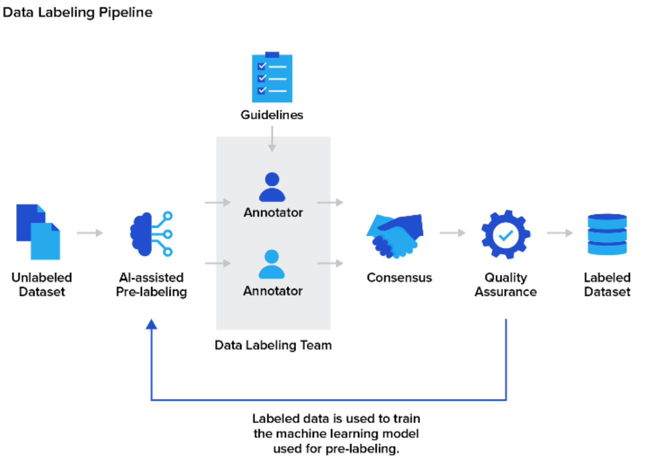
Sources: Business Insider

Exhibit 5: Data labeling structure



Sources: The Strategy Deck

Exhibit 6: Data labeling pipeline



Sources: Toptal

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.