16 Sep 2026 07:30:20 ET | 23 pages

Meta Platforms Inc (META.O)

Meta's Ramping Product Roadmap Creates Multiple Catalysts Ahead; What to Watch for at Connect

CITI'S TAKE

Ahead of Meta Connect on 9/23-24 whereby we expect Meta to update its AI product strategy, we are adding an upside 90-day Catalyst Watch on shares of META and we reiterate our Buy rating. Key here, with the recent launch of its Muse personal agent and the potential to launch what we believe is its SOTA FM codenamed 'Watermelon' as META's compute capacity expands significantly in '27, we believe META's product roadmap is becoming clearer suggesting multiple product catalysts ahead. On Muse, we have been impressed with the experience and with Muse app downloads exceeding IG and FB App downloads over the last several days, we believe demand is accelerating organically, though we note Meta's 3.6B DAP creates a significant distribution channel. META is one of our Top Picks across the Internet sector as newer AI products should lead to improving engagement and monetization over time.

1. **Muse Agent Unlocks New Use Cases and Engagement**—Simply put, we view Muse as the first personal AI Agent / Assistant that can potentially change Internet behavior and the broader Front Doors of the Internet given its ability to transact autonomously (with consent). Multiple potential monetization streams across transactions, subscriptions, and ads and early adoption is encouraging.

2. **Meta's Product Cadence Ramping as its AI Roadmap Is Becoming Clearer**—Meta's model cadence accelerated from approximately 13 weeks between **Muse Spark 1.0** and **Muse Spark 1.1** to approximately four weeks between subsequent releases and its AI product portfolio now spans personal agents, Business Agents, advertising tools, creator products, model APIs and enterprise coding. This as new R&R improvements continue to drive ~60+ mins/day on IG.

3. **What We Expect at Meta Connect**—We'll be focused on Muse Model updates (including insights into Watermelon), Muse and Meta AI adoption, and advancements across the next generation of Meta's glasses—we'll be watching for display form factor advancements—whereby our recent survey results suggest 45% ownership in the U.S. with 30% planning to buy.

EPS (US$)	Q1	Q2	Q3	Q4	FY	FC Cons	VA Cons
2025A	7.88A	8.81A	8.24A	10.94A	35.86A	23.49A	32.01A
2026E	**9.48A**	**9.88A**	**9.19E**	**10.90E**	**39.45E**	**31.41E**	**34.28E**
Previous	9.48A	9.88A	9.19E	10.90E	39.45E	na	na
2027E	**na**	**na**	**na**	**na**	**48.80E**	**33.68E**	**37.93E**
Previous	na	na	na	na	48.80E	na	na
2028E	**na**	**na**	**na**	**na**	**59.77E**	**38.46E**	**44.94E**
Previous	na	na	na	na	59.77E	na	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus. VA Cons: Visible Alpha Consensus.

Click here for Visible Alpha consensus data

Buy

Catalyst Watch: Upside

Price (15 Sep 26 16:00)	US$670.24
Target price	US$800.00
Expected share price return	19.4%
Expected dividend yield	0.3%
Expected total return	19.7%
Market Cap	US$1,707,441M

Price Performance
(RIC: META.O, BB: META US)



Ronald Josey[AC]

Jamesmichael Sherman-Lewis

Jake Hallac, CFA

I. Muse Unlocks New Use Cases and Growth for META—5 Key Points on Muse

Muse launched on 9/8 and after using the product since it went live, we believe it is the first personal AI Agent / Assistant that can potentially change Internet behavior and Front Doors of the Internet. We've used Muse to book flights, set up group chats, integrate with email, make reservations and we are impressed with its growing list of services and its ability to execute autonomously complete multi-step tasks. Key here, Muse app downloads have exceeded those of Instagram and Facebook over the last four days (see Figure 4) suggesting significant early adoption.

We highlight 5 key areas that we're watching on Muse:

1. **Underlying Tech: Muse's Virtual Machine Enables Autonomous & Secure Transactions:** Muse's isolated Virtual Machine architecture enables the agent to log in, book, and transact autonomously on a user's behalf. Muse's security safeguards leverage WhatsApp's end-to-end encryption resulting in a confidential personal VM that Meta cannot access (Confidential VM coming later this year) while its Sentinel Agent flags sensitive actions (e.g., payments, logins, data transfers) for human-in-the-loop approval where needed/required. Muse is powered by the Muse Spark 1.3 model and with Meta's larger Watermelon model expected to launch shortly (perhaps at Connect?), we look for even greater multimodal, agentic, and coding capabilities for Muse.

2. **Use Cases: Muse's 5 Tabs Include: Chat, Feed, Ideas, Goals, and Library:** since launch, we've used Muse to book flights, purchase products, auto-reply to messages, engage with businesses, send reminders, and create new app dashboards, among many other use cases, underscoring Muse's potential to operate as a personalized and proactive agent (see Figures 1 and 2 for additional Muse usage insights). Muse's Ideas tab highlights newer use cases/useful features and capabilities, the Feed tab displays the results of Muse's tasks, and Muse incorporates apps, services, and payment capabilities from across the Web (including FB and IG).

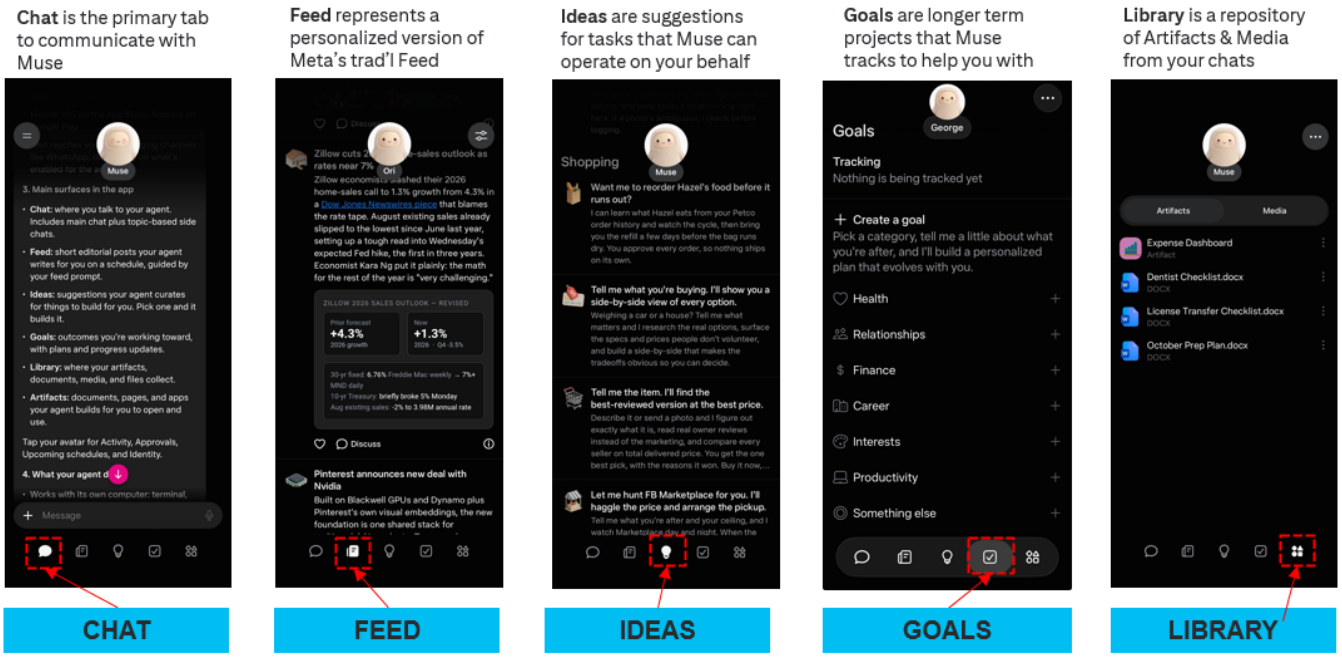
3. **Adoption Ramping: Downloads Surpass IG and FB as Muse Benefits from Meta's Distribution:** Muse currently ranks as the #2 most downloaded app on both the Apple & Google Play app stores and as of 09/11 Muse daily app downloads have surpassed that of IG and FB (see Figures 3-4, per SensorTower). Key here, while we do not believe Meta has begun to distribute/market Muse across its 3.6B DAPs, we believe distribution is a core competency that should lead to continued traction and usage.

4. **Monetization Approaches: Transactions, Subscriptions, and Ads:** While still early and the focus is primarily on usage, we believe there are several monetization approaches with Muse. CEO Zuckerberg suggested the potential to take a small share of **transaction-based revenue**, likely charged to businesses that Muse interacts with rather than end users. **Subscriptions** represent another opportunity and while Muse includes 100M tokens/week free for all users, it currently charges $20/month for 500M tokens/week in its Power subscription and $100/month for 3B tokens/week in its Maximum

subscription. Muse is also integrated into Meta One's (announced on 09/15) Core ($7.99/mo) & Premium ($19.99/mo) subscription tiers (Figure 5). On **advertising**, while Meta is not yet incorporating Muse signal into its core ads recommendation systems (though we note Meta AI is already informing ads recommendations as of Oct '25), we could envision ads across the Muse Feed with Muse potentially following a similar Reels or Threads timeline to monetization—or faster given the potential for highly targeted advertising that we believe is akin to Search.

5. **Implications for the Broader Internet: The Evolving Front Door as Agent-2-Agent Communication Ramps**: With Muse enabling users to book, transact, manage, and integrate with most all aspects of the Internet, potentially operating as an orchestration layer, we believe overall discovery and Internet usage could evolve going forward. That said, regardless of how personalized agents evolve, size and scale of direct traffic, 1P data, and suppliers remain core differentiators across the Web, with brand increasingly a differentiator. One thing is clear though, Agent-to-Agent (A2A) communication is ramping and almost every website and touchpoint requires adjustment for this change, in our view.

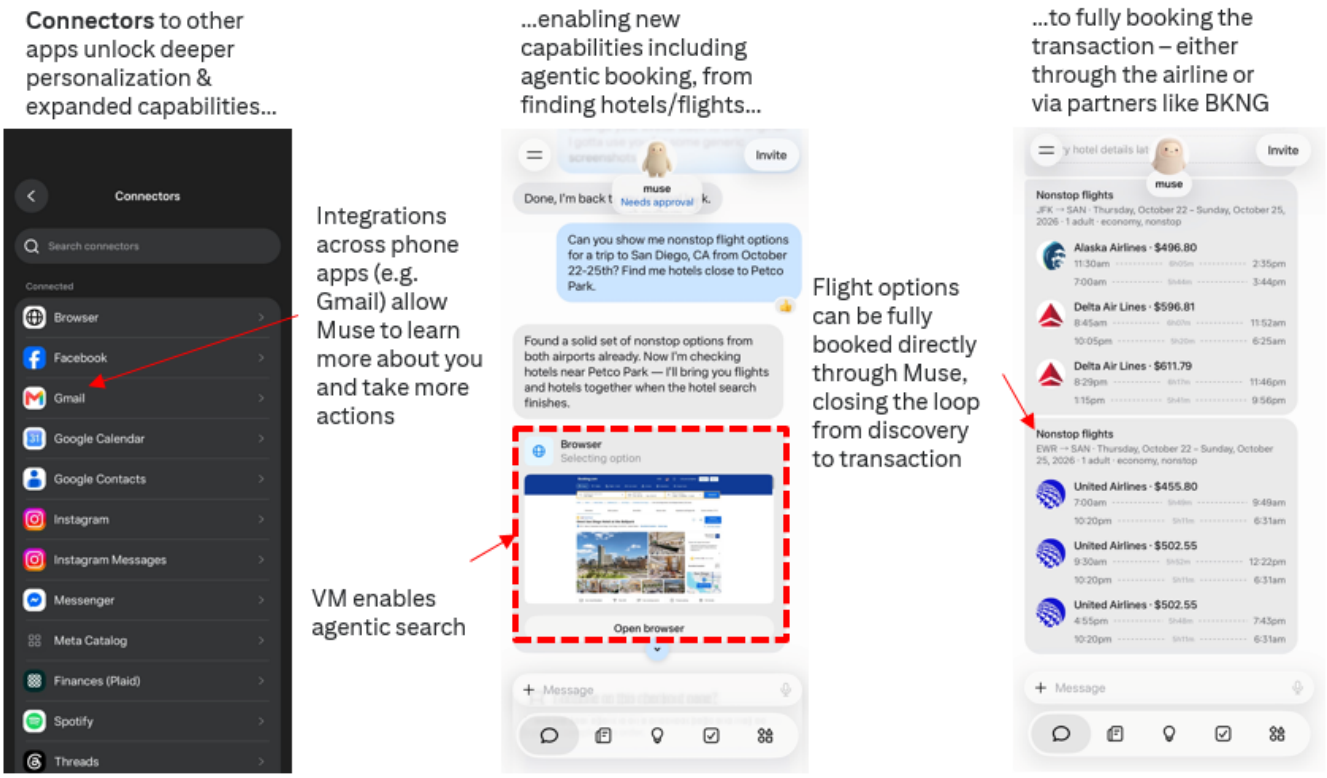
Figure 1. Muse's 5 Tabs Unlock Personalized & Agentic Assistance for Short-Term Tasks & Long-Term Goals



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

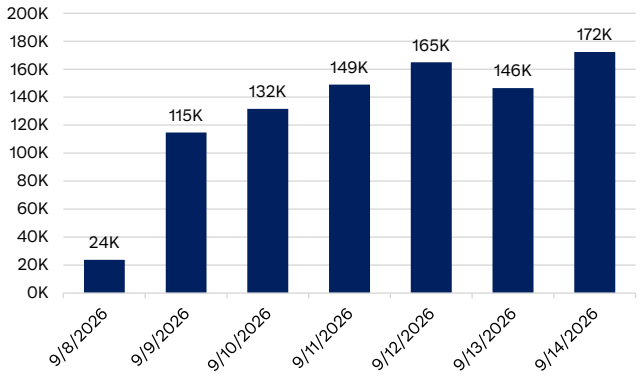
Source: Citi Research, Company Reports

Figure 2. The Muse Experience: End-to-End Booking of a Flight by Talking to Muse



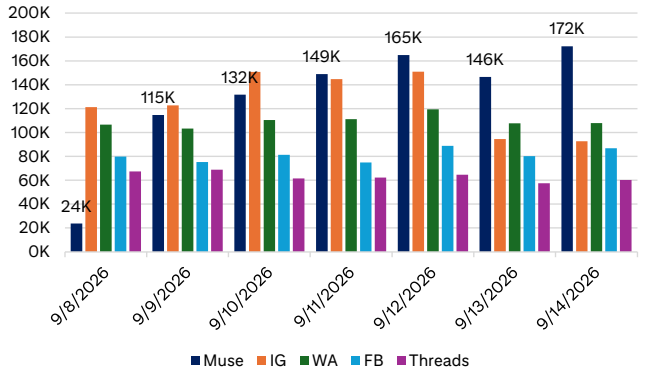
© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Company Reports

Figure 3. Muse at 900K+ App Downloads in One Week..



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Sensor Tower

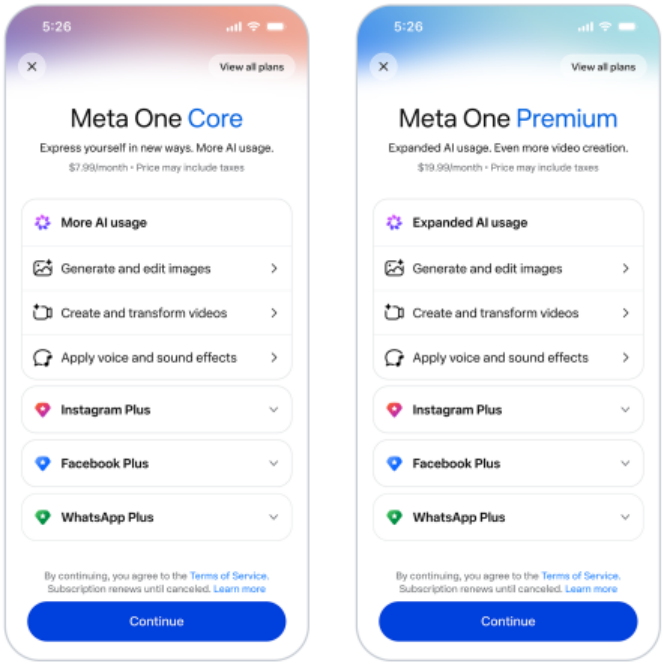
Figure 4. ...Surpassing Meta's Individual US FoA Downloads Over the Last 4 Days



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Sensor Tower



Figure 5. New Subscriptions Incorporate Higher AI Usage Limits for Muse



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.
Source: Citi Research, Company Reports

II. Meta's Product Roadmap is Accelerating

Since the launch of Muse Spark 1.0 in April, we believe Meta's product cadence is accelerating, addressing a key overhang in shares. Case in point, it took ~13 weeks to launch Muse Spark 1.1 from 1.0 and the company is currently on a ~4 weeks release cadence between each Muse Spark model (i.e. from Muse Spark 1.1 to 1.2 to 1.3) with its Watermelon model likely to be launched shortly. We highlight some of what we believe are Meta's more recent and impactful product launches / announcements in Figure 6 below.

Key here, while we believe Meta is capacity constrained currently, with its Prometheus 1GW data center now live (we believe) and as its partnerships with CoreWeave, Google, and Oracle, among others are expected to go live 2H26 and '27, we note Meta's capacity could expand from ~7GW+ in '26 to 14GWs in '27, per Bloomberg (7/1). This as Meta's 5GW **Hyperion** supercluster should provide another step-function increase in training and inference scale beginning in 2028 (see Figure 7 for Meta's compute partnerships announced).

We believe Meta's capacity allocation priorities are the following: 1) Core Social networks and products; 2) Next-gen models (we believe META is building SOTA FM models); 3) Muse; 4) Business Agents; and 5) Model API access. With any additional capacity available likely allocated to Meta Compute via shorter term contracts.

Figure 6. Meta's AI Product Announcements & Launches Accelerating, April '26 – Sept. '26

Date	Category	Announcement	Notes
MUSE / AI			
April 8, 2026	Model	Muse Spark 1.0	Marking the 1st Meta Superintelligence Labs model, initially powering Meta AI, with broader app, glasses and API distribution planned.
May 12, 2026	Personal AI	Muse Spark Expansion	Added conversational voice, live vision, AI shopping and rollout to Ray-Ban Meta and Oakley Meta glasses.
July 7, 2026	Model	Muse Image & Glasses Privacy	Launched Muse Image and detailed capture-LED safety controls for Meta AI glasses.
July 9, 2026	Model	Muse Spark 1.1 & Model API	Launched an agentic multimodal model, a one-million-token context window and the Meta Model API public preview.
July 24, 2026	Personal AI	Agentic Meta AI	Added planning, research, slides, app connections, recurring tasks, briefings and background execution.
August 5, 2026	Model	Muse Spark 1.2 & Muse Code	Launched a coding-focused model (that now supports Muse) and terminal agent with persistent subagents and restart-safe execution.
August 10, 2026	Model	Muse Glimmer	Open-sourced a 30B agentic model optimized for always-on local workflows on consumer hardware.
August 20, 2026	Model	Spark 1.2 Multimodal Update	Detailed visual coding, chart reasoning, audio-video understanding and robotics capabilities.
September 1, 2026	Model	Muse Voice Transcribe	Introduced a real-time multilingual speech model with streaming ASR, endpointing and multi-speaker diarization.
September 2, 2026	Model	Muse Spark 1.3	Improved long-horizon agents, multitasking, coding efficiency, instruction following and safety in Muse Code and Model API.
September 8, 2026	Personal Agent	Muse & Secure VM	Launched Meta's personal agent with persistent work, browser actions, secure cloud computers and approval controls.
TBD	Model	Watermelon	Next-gen pretraining model following Avocado / Muse Spark 1.3; expected to improve coding, multimodal and agentic capabilities.
COMPANY			
April 22, 2026	Creator AI	Edits Roadmap	Previewed AI ideas, personalized insights, bilingual captions, richer templates and advanced mobile editing controls.
April 23, 2026	Platform	Meta Account	Introduced a centralized identity, login, security and settings layer across Meta apps, Meta AI and AI glasses.
May 8, 2026	AI Glasses	AI Glasses Portfolio	Outlined Meta's glasses portfolio and creative, fitness, communications and productivity use cases; Designed to work w/ Muse Spark.
May 13, 2026	Personal AI	Incognito Chat & Sidechat	Launched private AI chat, previewed contextual WhatsApp assistance and disclosed new AI commerce-creative formats.
May 18, 2026	AI Glasses	Glasses Accessibility	Expanded hands-free accessibility use cases and third-party development opportunities for Meta AI glasses.
June 3, 2026	Business AI	Business Agent & Platform	Expanded customer-facing business agents and launched enterprise infrastructure for customized agent deployment.
June 4, 2026	Creator AI	Creator Assistant & Translation	Launched a creator copilot for analytics and ideas while expanding AI translation and dubbing.
June 9, 2026	Personal AI	AI Personalization & Accessibility	Broadened personalization inputs for Feed and Meta AI and showcased additional accessibility use cases for glasses.
June 15, 2026	Personal AI	Facebook AI Mode & Creation	Launched social-content-grounded AI search plus AI-assisted collages, videos and image transformations.
June 16, 2026	Discovery	Threads Your Algo	Added direct feed controls and expanded Threads communities, discovery and live-conversation features.
June 23, 2026	AI Glasses	Meta Glasses	Introduced Meta-branded AI glasses in 26 styles with Muse Spark-powered Meta AI at launch.
July 16, 2026	Safety AI	Teen AI Safety	Added detection, human review and parent-alert workflows for potential teen self-harm or suicide risk.
September 9, 2026	Business AI	Stilla.ai Acquisition	Acquired Stilla.ai to strengthen organizational-context and workplace-agent capabilities for Meta Business Agent.
September 15, 2026	Subscription	Meta One	Launched subscription bundles with higher AI usage and premium tools across Meta AI and Meta apps.

© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Company Reports

Figure 7. Meta's Infrastructure Roadmap & Partnerships

Meta Compute	Announced	Deployments	$ Size	Details
Hyperion	4-Dec-24	2028 & 2030	N/A	Deployments in 2028 and scaling to 5GW+ by 2030. Richland Parish, Louisiana campus spans ~2,250 acres and ~4 million sq. ft. Construction expected through 2030.
Prometheus	14-Jul-25	2026	N/A	1+ GW AI data center cluster at Meta's New Albany, Ohio campus, coming online in 2026.
Sturgeon County DC	8-Jul-26	~2028-2029	CA$13 Billion	1GW+ AI data center cluster in Sturgeon County, Alberta, Canada, constructed over ~2-3 years.

Partnership	Announced	Deal Length	$ Size	Deployment	Details
Google Cloud	22-Aug-25	6 Years	$10+ Billion	2026	Cloud partnership providing AI infrastructure, with discussions including the potential use of Google's Tensor Processing Units (TPUs).
CoreWeave	30-Sep-25	6 Years	$14.2 Billion	2026	Cloud capacity partnership providing access to a large fleet of GPUs for AI training and inference workloads.
Oracle	19-Sep-25	Multi-Year	$20 Billion	2026	Cloud infrastructure partnership to provide OCI capacity, complementing Meta's on-premise infrastructure for AI workloads.
Blue Owl JV	21-Oct-25	4 Years	$27 Billion	2028+	JV to finance and develop Meta's Hyperion AI data center campus in Richland Parish, Louisiana. Blue Owl funds own 80% & Meta retains 20%. Blue Owl contributed $7B to JV.
Nvidia	24-Feb-26	Long-Term	N/A	2026+	Strategic partnership for Nvidia's full-stack AI platform, including future GPUs, networking fabric (NVLink, InfiniBand), and the CUDA software ecosystem for advanced model training.
AMD	24-Feb-26	5 Years	$100 billion	2H26	workloads, with first deployment in 2H26. Includes performance-based warrants for 160M AMD shares.
Arm	24-Mar-26	Multi-Year	N/A	2H26	Co-developing CPUs for data centers and scaled AI deployments, beginning with Arm AGI CPU, developed to optimize infrastructure across Meta's FoA and work alongside MTIA.
CoreWeave (Expanded)	9-Apr-26	5 Years	$19 Billion	2027	Cloud capacity partnership runs 2027-2032, total CoreWeave commitments now approximately $35.2B, Includes early deployments of NVIDIA Vera Rubin infrastructure.
Broadcom	14-Apr-26	3 Years	N/A	2026-2028	Expanded partnership for Meta's custom MTIA 2nm AI chips. Meta committed to an initial deployment exceeding 1 GW of AI compute (incl. Ethernet) scaling to 3 GW by 2028.

© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, Company Reports

III. What We're Expecting at Meta Connect

Meta Connect 2026 will be held 9/23-9/24 (agenda & livestream) and we expect announcements around Meta's AI model ecosystem (including the potential release of Watermelon), additional Muse use cases alongside an improving Meta AI, as well as newer AI & AR Glasses and experiences (see Figure 8 for additional Connect expectations posted by CEO Zuckerberg).

On AI Models, we believe META is focused on releasing a SOTA FM that builds on its success with Muse Spark 1.3 (released 09/02) and delivered a ~20% reduction in tool calls and ~25% fewer tokens per task vs. prior versions. Recent comments by CEO Zuckerberg suggest its latest model—Watermelon—is near release and we'll be listening for potential benefits around Muse's Agentic capabilities, multimodal understanding, improved coding capabilities (which we believe enhance Muse's Virtual Machine arch), and optimizations with Meta's AI glasses, as a result.

AI & AR Glasses—AI Integrations, Improved Display & Neural Band, and Formfactors: We look for next-gen AI Glasses to be announced, including camera-free AI glasses (codenamed Luna) along with an expansion of styles and functions across Ray-Ban Metas (gen 3), Meta Glasses (which launched June '26), and the Oakley Meta Glasses (performance-oriented glasses) lineup. As for the Meta Ray-Ban Display glasses, we look for a smaller frame and form-factor along with Neural Band improvements.