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# Norwegian defense barometer 2025

September 2025



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# Preface

Dear reader,

Norway's defense sector is entering a decisive decade. Heightened geopolitical tensions, active conflict in Europe, rapid advances in dual-use technologies and a step-change in Allied expectations are moving defense from a steady-state industry to a national growth priority. In NATO Europe and Canada, annual defense expenditure surpassed NOK 5,000 billion in 2024—which is more than double the 2019 levels. Norway reached the 2% of GDP target in 2024, with a long-term trajectory shaped by the recent NATO decision to move toward 3.5% of GDP for defense and an additional 1.5% for supporting infrastructure by 2035. In 2024, the Norwegian government approved the long-term defense plan for 2025–2036, allocating ~NOK 1,600 billion for defense-related expenditures over 12 years. With new NATO targets, total expenditures are expected to rise.

Building on our July 2025 Norwegian Defense Market Study, this publication brings the market's voice to the forefront. Through a survey of leaders across the industry, we set out to understand how stakeholders intend to translate bigger budgets into deliverable capabilities—and where they see the most attractive opportunities and the most pressing bottlenecks. Our goal is to inform concrete action: from policy and procurement to industrial scaling and capital deployment.

This publication marks our first annual survey capturing perspectives across Norway's defense ecosystem. It provides an important benchmark for understanding industry sentiment, priorities, and challenges as the sector evolves. It also reflects our commitment to fostering ongoing dialogue and delivering data-driven insights to support policymakers, investors, and industry leaders in navigating this dynamic landscape.

We hope this publication helps decision-makers move from ambition to delivery, and from delivery to lasting value creation. We welcome a discussion on how to turn these insights into action.

Best regards,



**Anders Brun**  
Managing Partner  
Strategy& Norway

# Our 2025 defense barometer has gathered insight from leading voices across the value chain and wider industry ecosystem

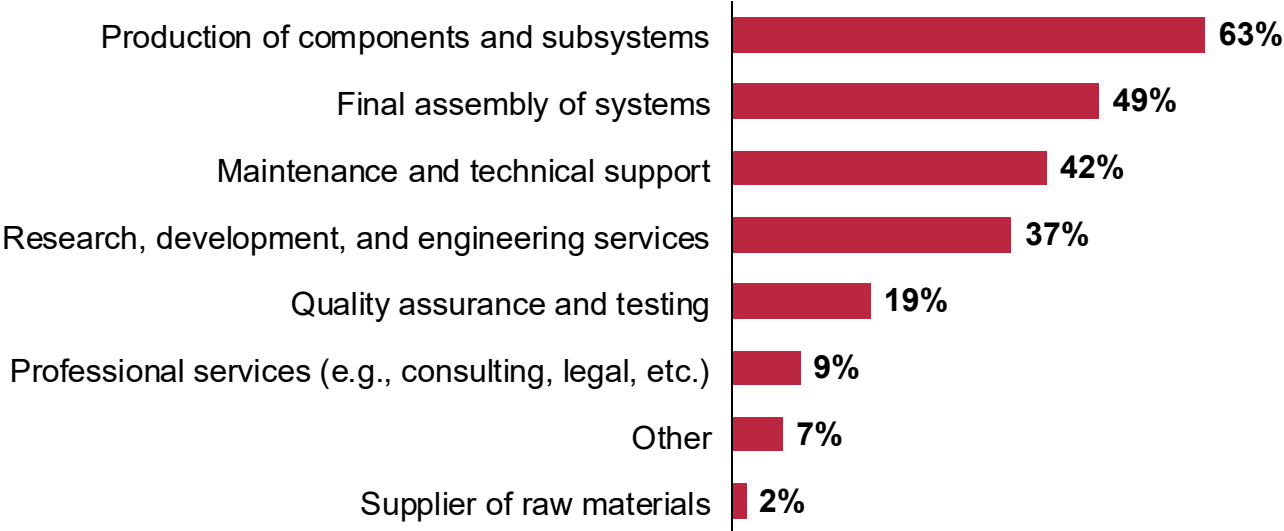
## About the respondents

43



Respondents with leading roles across the defense industry, covering suppliers, investors, and professional services. Their input offers a broad view of the current state and key issues within the defense value chain and related sectors.

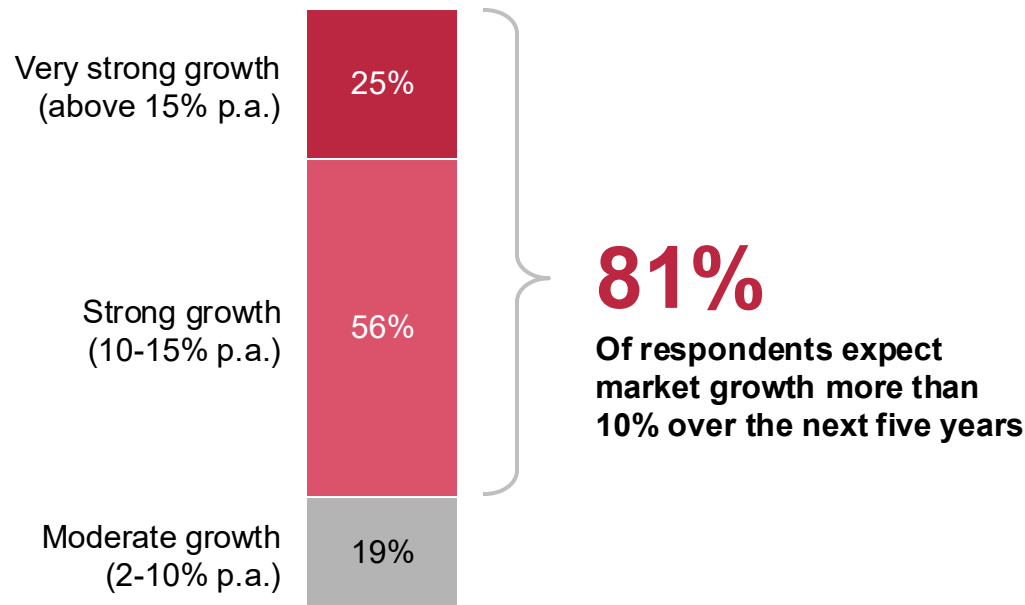
**Q: What role does the company have in the value chain for the defense industry?**  
(More than one answer allowed)



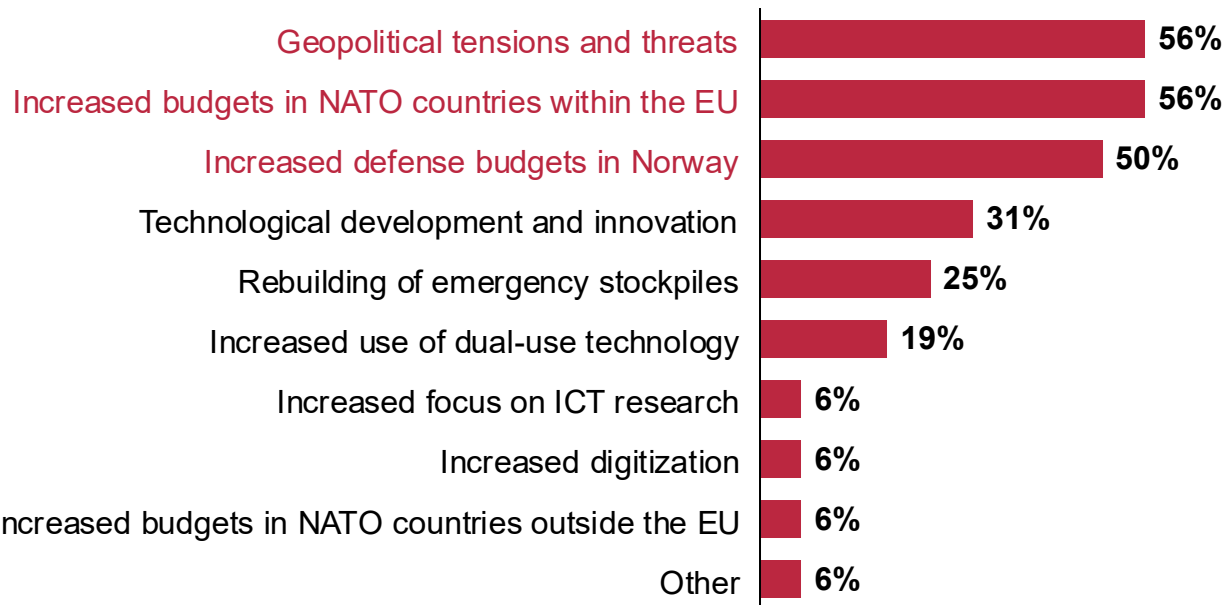
# 81% of respondents anticipate market growth above 10% going forward – Geopolitical tension and increased budgets voiced as main growth drivers

## Market growth

**Q: How do you anticipate demand to evolve in your segment(s) over the next 5 years?**



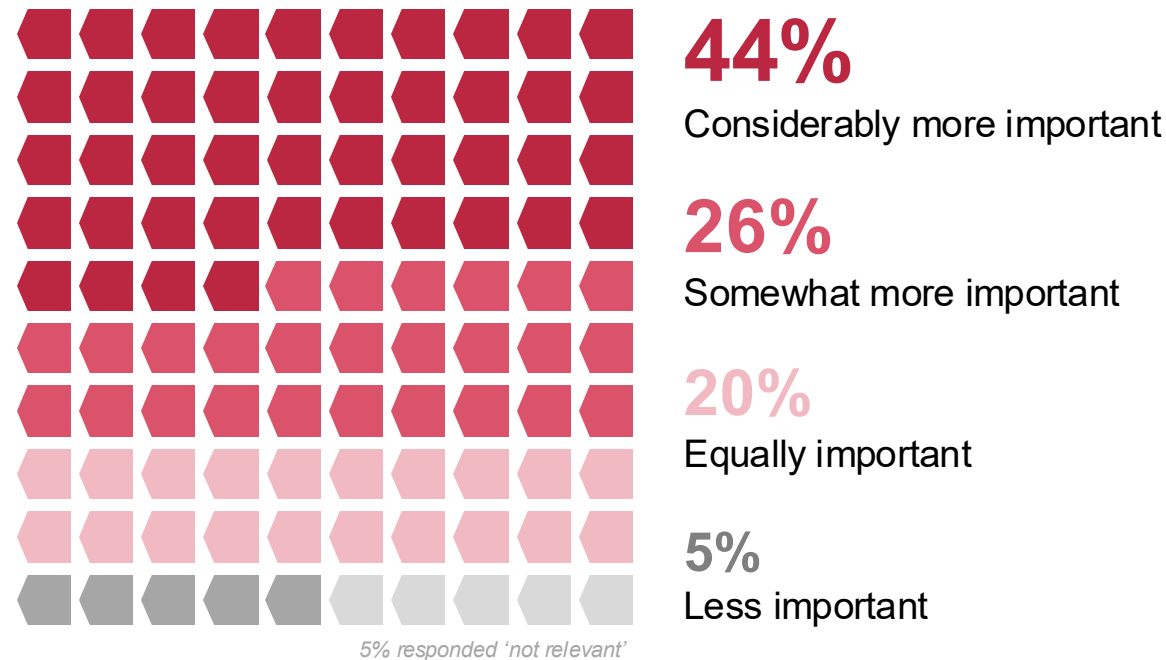
**Q: What do you see as the key drivers of growth for your defense-related business? (up to three answers allowed)**



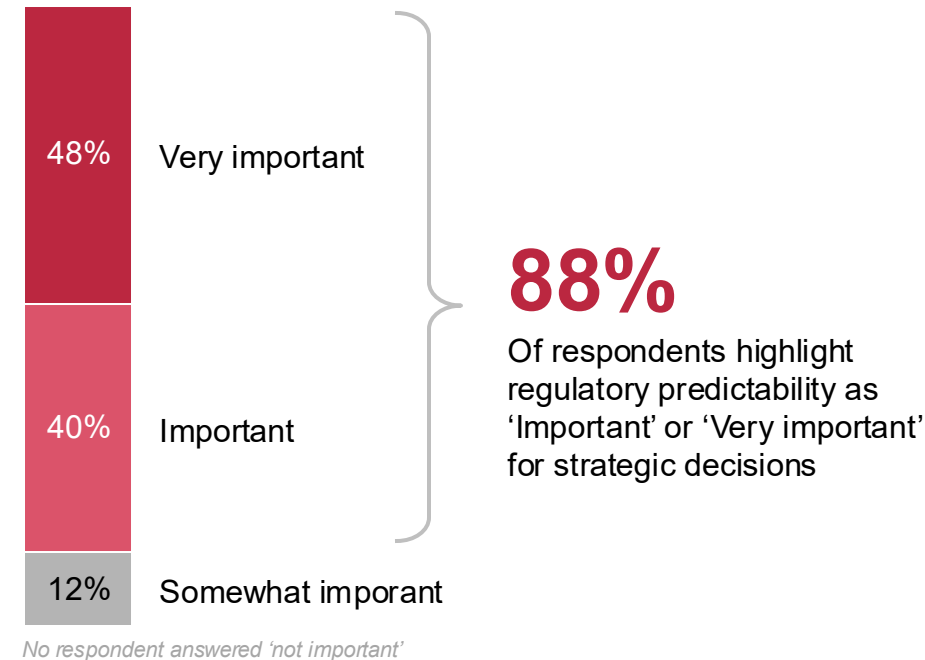
# 80% view the defense segment as equally or more strategically important than civil operations – Regulatory predictability key for strategic decisions

## Defense segment as strategic priority

Q: Compared to your civilian operations (if applicable), how strategically important is the defense segment for the company's future?



Q: How important is political and regulatory predictability for your decisions in the defense market?



# Complex procurement processes cited as main hurdle for market growth – 70% find public tenders resource-intensive and time-consuming

## Market growth limitations

Q: Which factors most limit further growth in the defense market?

|   |     |
|---|-----|
| Long lead times and complex procurement processes | 77% |
| Weak public-private cooperation                   | 49% |
| Low predictability in demand                      | 37% |
| Lack of relevant competence and personnel         | 28% |
| Growth challenges and capacity limitations        | 14% |
| Limited access to capital and investments         | 14% |

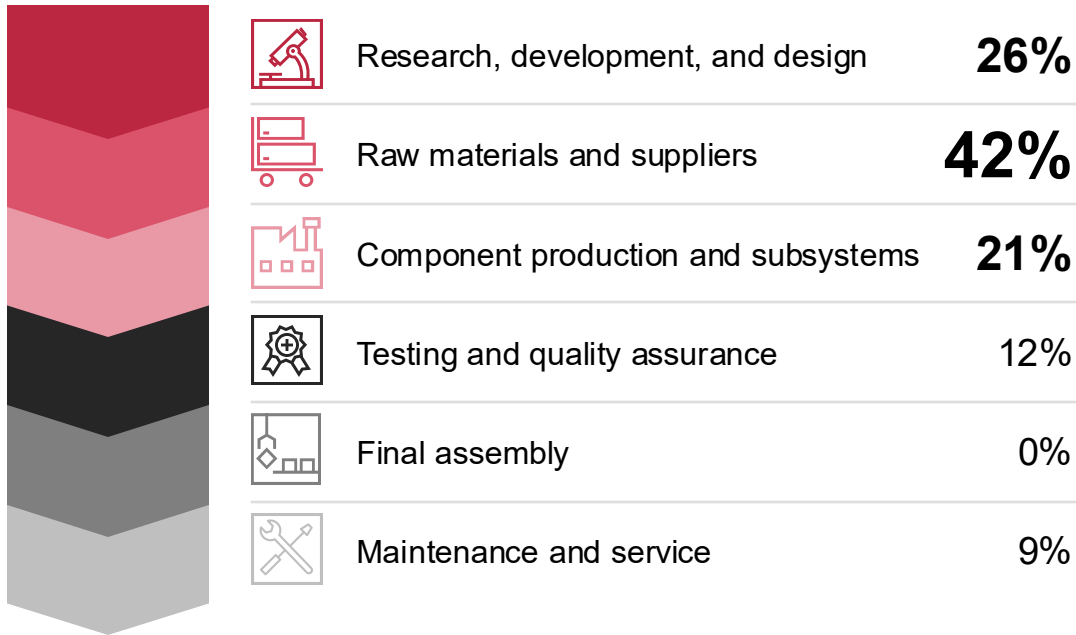
Q: What is perceived as the most challenging in public procurement?

|  |     |
|--|-----|
| Resource-intensive and time-consuming tender processes | 70% |
| Little pre-commercial cooperation or dialogue          | 61% |
| Uncertainty about budgets and timelines                | 21% |
| Unclear award criteria                                 | 9%  |
| Other  | 7%  |
| Security and compliance requirements                   | 2%  |

# Suppliers and access to raw materials noted as most important value chain bottleneck – Production capacity constraints most evident source of congestion

## Value chain bottlenecks

**Q: Where in the value chain do you experience the most critical bottlenecks?**



**Q: What is the main cause(s) of the experienced bottlenecks related to...**  
(Top three causes by value chain position)

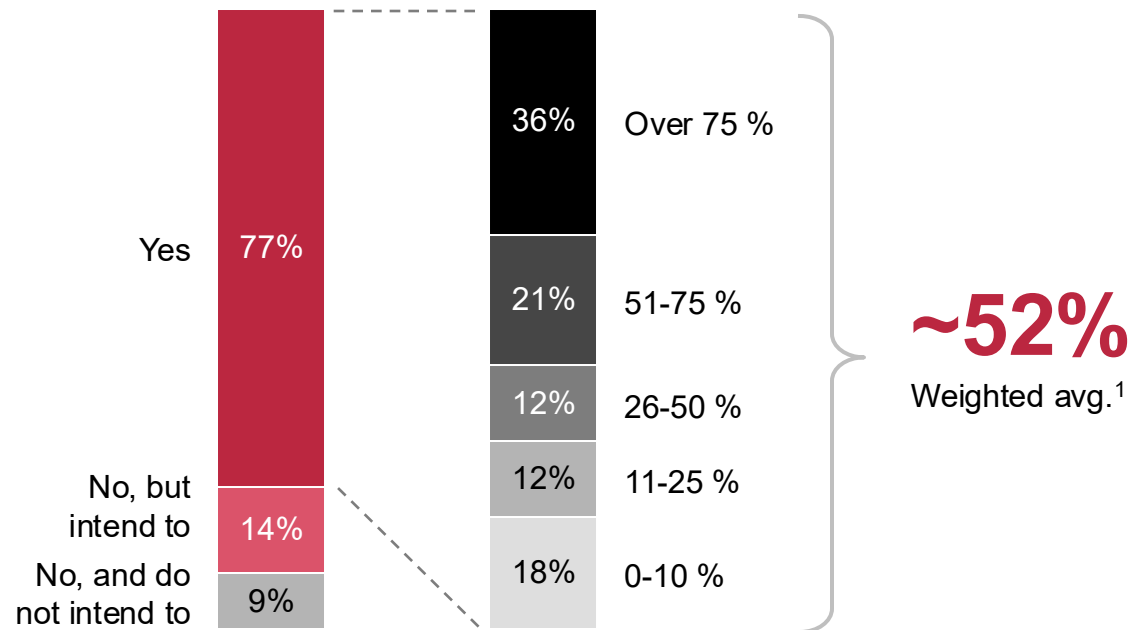
|      |                             |      |                                 |      |                                     |
|------|-----------------------------|------|---------------------------------|------|-------------------------------------|
| 36%  | Demand fluctuations         | 27%  | Lack of qualified labor         | 18%  | Regulatory issues / export controls |
| 72%  | Production cap. constraints | 50%  | Demand fluctuations             | 22%  | Limited access to input factors     |
| 67%  | Production cap. constraints | 33%  | Demand fluctuations             | 33%  | Regulatory issues / export controls |
| 100% | Lack of qualified labor     | 40%  | Production cap. constraints     | 40%  | Regulatory issues / export controls |
| n.a. |                             | n.a. |                                 | n.a. |                                     |
| 50%  | Lack of qualified labor     | 50%  | Limited access to input factors | 25%  | Production capacity constraints     |



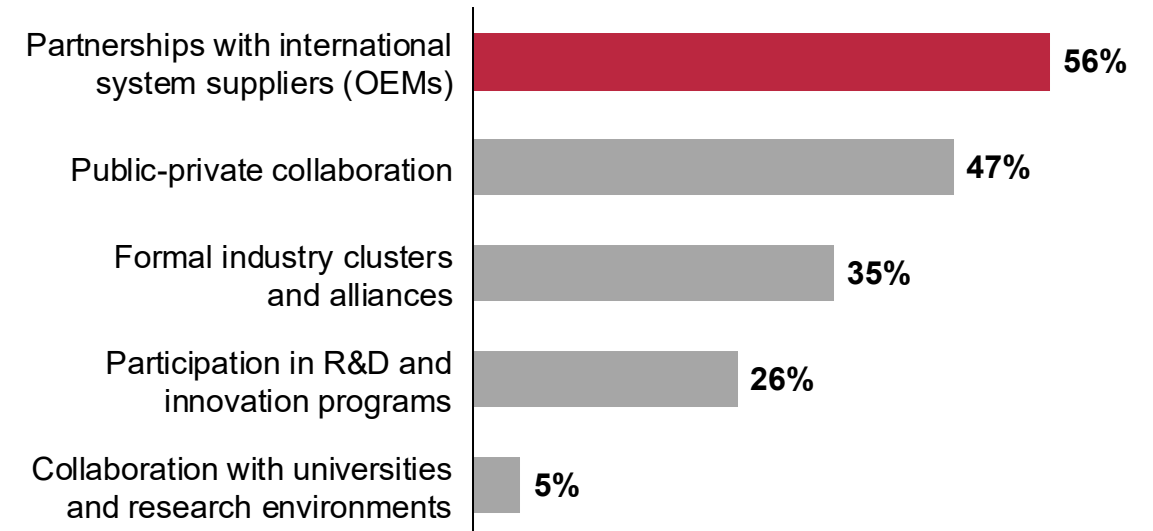
# 77% of companies surveyed currently export defense-related products – International markets highlighted as central to growth strategies

## Exports

**Q: Have you exported defense-related products or services in the past three years, or do you plan to do so within two years? (Q2 If yes: approx. what percentage of your defense sales comes from exports?)**



**Q: Which forms of collaboration are most important for further growth in the defense segment?**



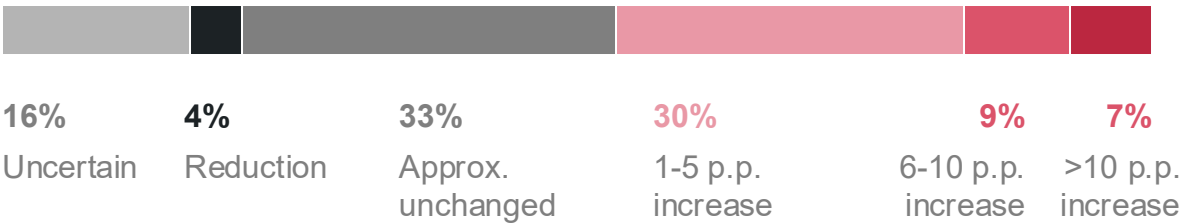
# 46% expect EBITDA expansion over the next five years, driven by better capacity utilization, improved project execution, and economies of scale

## Margins and margin expectations

Q: What is the EBITDA margin from your defense-related activities today?<sup>1</sup>



Q: How do you expect the EBITDA margin (in percentage points) from defense activities to develop over the next five years?



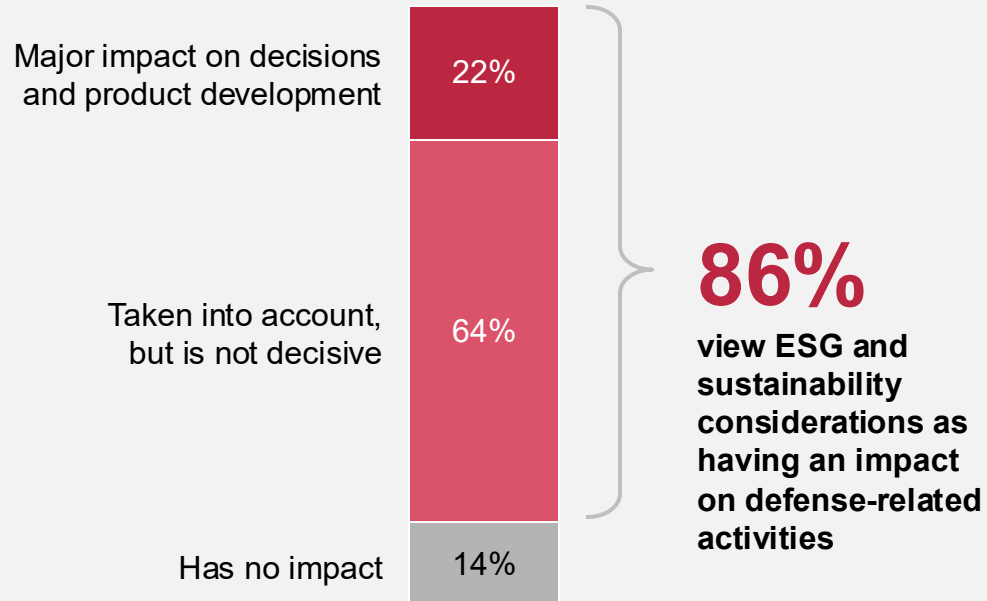
Q: What are the main reasons for this expectation?  
(More than one answer allowed)



# While 86% report that ESG and sustainability considerations are taken into account, only 22% view it as having a ‘major impact’ on decision making

## ESG considerations

**Q: How do ESG and sustainability considerations affect your defense-related activities?**



The Norwegian defense sector's climate and environmental strategy mandates **equal priority for sustainability alongside time, cost, and performance in procurement**, introducing sector-wide requirements, market innovation, and staff competence standards, supported by regulations that require environmental considerations and concrete performance criteria.

**Yet, industry behavior lags the policy intent.** In our survey, 86% say ESG/sustainability is taken into account, but only 22% see a major impact on decisions and product development, indicating the majority do not yet experience ESG as bid-critical

# Contacts



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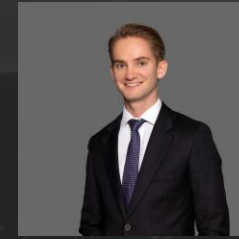


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