
Beyond the barracks

*- Unlocking value from the 1.5%
spend target for civil
infrastructure and preparedness*

Point of view

October 2025



About Strategy&

Strategy& is a global team of over 4,000 dedicated top-tier management consultants. Senior executives at leading organizations turn to Strategy& when faced with the need for a strategic shift in response to particularly complex and time-critical challenges.

We specialize in strategy development and provide high-impact strategic advisory services to leadership teams navigating their most demanding and high-stakes issues. Our work spans across industries and includes close collaboration with private equity clients, where we support transactions, mergers and acquisitions (M&A), and post-deal value creation.

Our teams bring deep experience in unlocking growth and driving transformation in precisely these situations. With sharp industry insight, Strategy& delivers strategic solutions with the speed and precision required to help our clients gain competitive advantage—both as business leaders and as organizations.

As a global leader in strategy consulting, Strategy& is part of PwC Norway. We seamlessly leverage the full breadth of PwC's global and local multidisciplinary expertise to ensure our clients' strategic potential is both defined and realized.

4500+ strategy consultants worldwide

250+ consultants across the Nordics

75+ countries with active presence

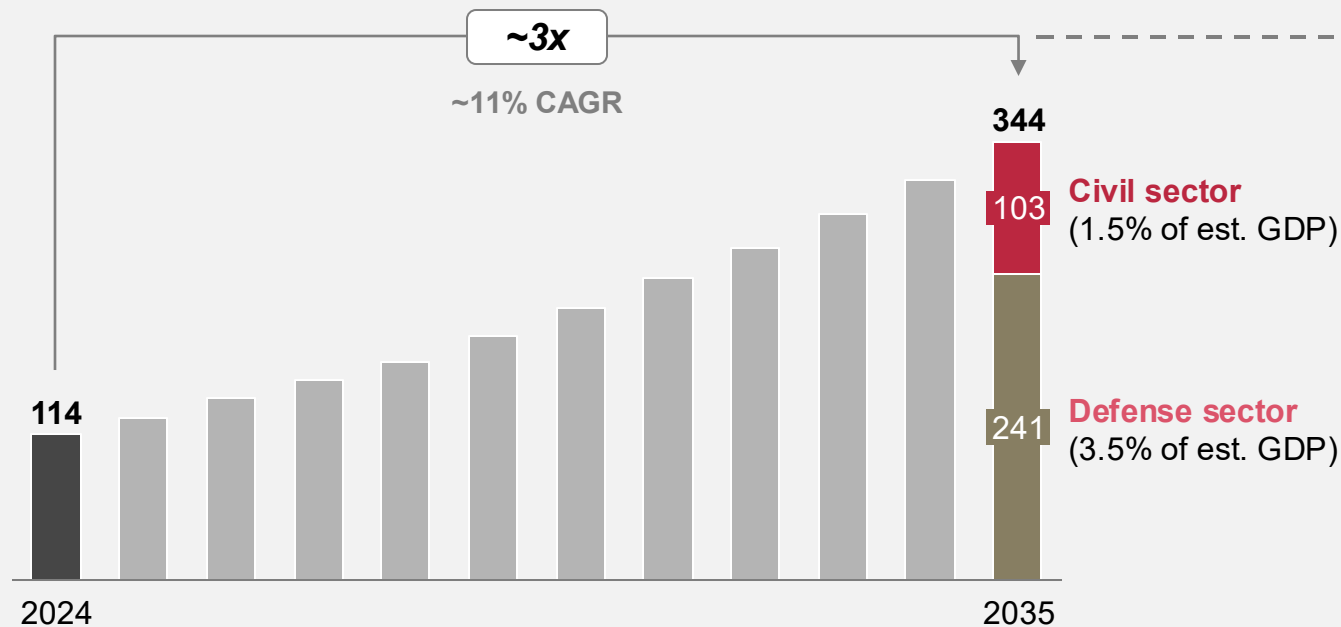
Selected core capabilities

Corporate Strategy
Mergers & Acquisitions
Deal Value Realization

Following targets set by NATO and the Norwegian government, yearly civil sector defense spend is expected to reach ~100 NOKbn in 2035

Projected Norwegian yearly defense expenditure 2024-2035

EXHIBIT I
Annual Norwegian defense expenditure development¹, NOKbn



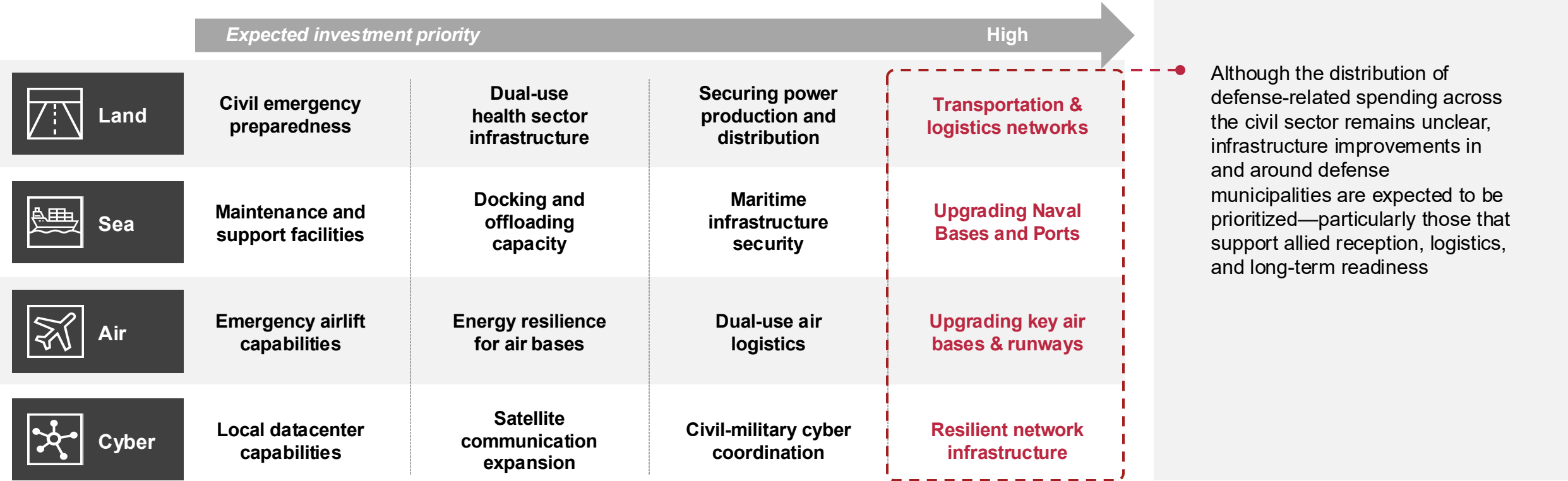
• **Norway is entering a step-change in defense and security expenditure** as it aligns with NATO guidance and national plans to lift “total defense” spending toward 5% of GDP by 2035 - comprising 3.5% for core defense and a dedicated 1.5% for broader civil security. This trajectory translates into sustained, double-digit annual growth throughout the period.

On the current path, total annual expenditure rises from roughly NOK 114bn in 2024 to around 344 NOKbn by 2035 – an increase of about 200%, implying growth of approximately 11% per year. Within that envelope, the civil component tied to the 1.5% target becomes a material market in its own right, approaching 100 NOKbn annually by 2035, while core defense reaches about 240 NOKbn.

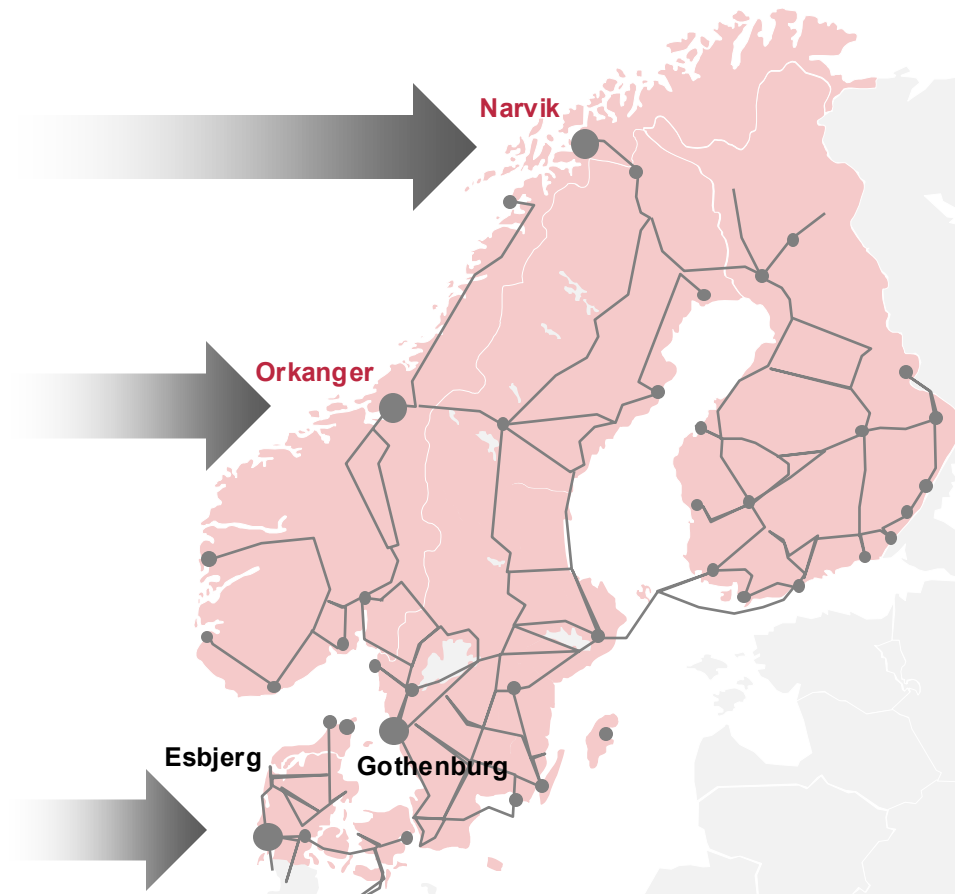
While distribution of the 1.5% defense-related spending is still unclear, certain infrastructure categories are expected as high priority areas

Prioritized areas of defense related investments

EXHIBIT II Example high-priority areas for defense and security related investments by domain, non-exhaustive



With NATO's expansion, Norway's role as a host and transit nation has grown, increasing capacity requirements for reception of allied forces



Infrastructure improvements critical for effective NATO support

With Sweden and Finland joining NATO, Norway's role as a host and transit nation has grown significantly in importance. As the Nordic transit hub for allied forces, Norway carries a critical responsibility to ensure the safe and efficient reception and onward movement of troops and equipment. This responsibility spans vital infrastructure - including ports, airports, road networks, and railways—driving the need for targeted investments to meet new requirements.

Given the heavy machinery involved in military operations, sea transport is essential, underscoring the importance of upgrading ports to efficiently prepare equipment for onward transportation. Trondheim and Narvik stand out as critical nodes. Ensuring readiness at these ports requires close coordination, where securing and expanding surrounding infrastructure will depend on a combination of public investment and private sector engagement.



Norway has taken on an increasingly important role as a host and transit nation for allied forces, and good port capacity in Norway will contribute to enhanced defense capabilities on NATO's northern flank - FFI

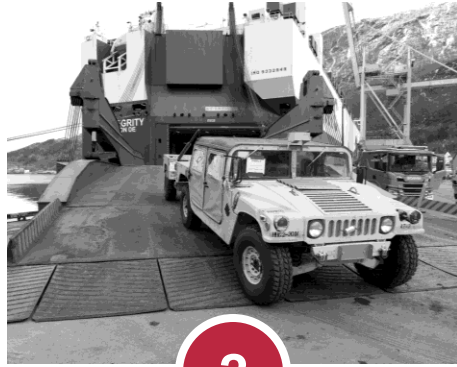
One of Norway's largest bottleneck is in the port of Narvik, requiring substantial infrastructure investments to bring it up to standard

Case study: Port of Narvik



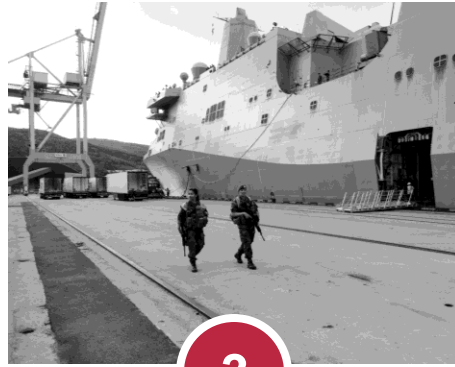
1

Docking capacity



2

Offloading capabilities



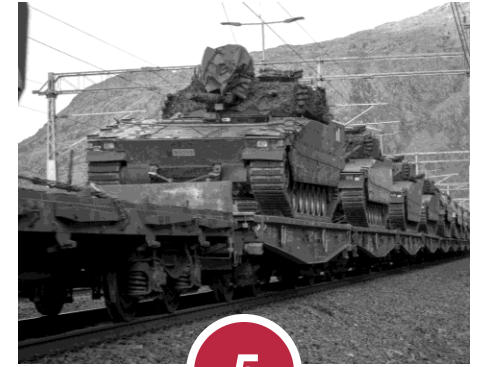
3

Staging area capacity



4

Traffic jams in city center



5

Otot line capacity

Challenge




- ~80% of allied forces will arrive by sea, but with today's docking capacity, allied ships risk long ques, waiting to dock & unload military equipment
- Military equipment primarily consists of heavy machinery, requiring modern equipment and Ro-Ro ramps to safely and effectively offload vessels
- Narvik Port lacks the capacity to handle the increase in civilian and military traffic, leading to delays and extended waiting times
- The highway running through the city center is a bottleneck, creating chaos for both people, goods and military forces
- The Otot line is today fully utilized, with iron ore, seafood, civilian supplies, and military equipment all competing for the same capacity

Proposed solution

- Land reclamation to expand docking area and offloading capacity
- Modernize offloading area to satisfy regulations regarding handling of heavy machinery
- Land reclamation to expand staging area
- Expand the road so that heavy transport and military transport bypass the city
- Short term: Establish passing tracks
- Long-term: Double tracks

Investments in Narvik and its surrounding infrastructure show how defense spending in the civil sector creates business opportunities

Case study: Port of Narvik

Opportunities arising from investments in Narvik	Example sectors	Selected opportunities
 <p>Direct opportunities Collaboration with private sector The Norwegian armed forces clearly states that to meet capacity requirements and execute the infrastructure improvements projects, they need to be collaborating with the private sector</p>	<ul style="list-style-type: none"> • Construction & Engineering • Industrials & Materials • Energy sector • IT and Telecommunication 	<ul style="list-style-type: none"> • Road construction opportunities related to moving heavy traffic around Narvik center • Material procurement opportunities for projects such as providing resources for land reclamation • Energy distribution opportunities to ensure sufficient and stable energy access for projects
 <p>Dual-use opportunities Increased capacity of shared infrastructure Running at near max capacity, investments in the port capacity and it's surrounding infrastructure, will enable higher production and export volumes across sectors</p>	<ul style="list-style-type: none"> • Industrials & Materials • Fishing & Aquaculture • Manufacturing • Logistics & Transportation 	<ul style="list-style-type: none"> • Expanded capacity for iron ore & fish export • Establishment of new manufacturing plants close to port and distribution network • Increased goods movement to and from Narvik creates new opportunities for transportation
 <p>Indirect opportunities Spillover effects stimulating adjacent markets Resource heavy infrastructure projects attract commute workers and generate demand for specialized education and skills, while expanded port capacity may also stimulate local cruise ship tourism</p>	<ul style="list-style-type: none"> • Real estate development • Education • Retail • Tourism 	<ul style="list-style-type: none"> • Rising demand for short- and long-term stays creates strong potential for real estate • The need for skilled workers and a robust local workforce opens up opportunities for education • Higher consumption of everyday goods drives demand for expanded retail offerings

Narvik is one of many areas where Norway will invest in infrastructure

– Similar opportunities will arise across the nation

– – –● Narvik illustrates how defense-driven upgrades in ports, rail, roads, energy and digital networks unlock tangible civil value

Similar opportunities will materialize nationwide as Norway secures critical infrastructure around 50+ military bases, 20+ relevant ports and 10+ airfields, and scales capacity as a host and transit hub for allied forces.

This opportunity set extends across the country as procurement and execution accelerate under national plans—inviting broad public–private collaboration to deliver resilient infrastructure that strengthens total defense and drives long-term regional growth

Investors, industry players & defense driven municipalities can leverage growth opportunities through early positioning and collaboration



A robust defense industry with the ability to rapidly increase production, capable of supplying both the Norwegian and allied defense sectors requires a close cooperation between authorities and the private sector – Long-term defense plan (LTP)



~50
Military bases



~20
Ports



~10
Airports

Investors, industry players & defense driven municipalities can leverage growth opportunities through early positioning and collaboration

How to unlock value from the 1.5% NATO target?



Investors

Consider elevated growth opportunities in market segments or geographies that will benefit from sustained government funding

1. Existing investments

Reposition existing companies to seize emerging opportunities

2. New investments

Invest in companies with strong growth potential due to increased defense spending (e.g., MRO, EPC, Industrials and materials)



Industry players

Assess and consider upcoming growth opportunities in defense-driven projects and municipalities across affected sectors

1. Engineering, Procurement & Construction

Position yourself as an attractive partner for public procurement and construction projects

2. Manufacturing, Industrials and Materials

Adapt product portfolio and capacity to serve future high-demand markets such as modules, parts & materials used in infrastructure projects



Municipalities

Establish municipal development strategies to attract investors and industry players and collaborate in local value-creation

1. Local value-creation

Promote and facilitate collaboration across local investors, industry players and municipalities

2. Guidelines and frameworks

Provide guidelines and framework conditions that foster clarity and predictability for private sector participation in defense projects

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