SOLOMON

NAVAL POWER MARKET UPDATE

Market Trends and Priorities Across the Naval Defense Sector

September 2026

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Introduction to Market Overview

Expanding fleet requirements are reshaping the Naval defense ecosystem

Market Backdrop:

The Naval defense sector is entering a generational investment cycle. The FY27 US Navy Shipbuilding Plan underscores a budget request of $378B (FY27) and calls for an expansion of the projected FY27 fleet of 395[1] vessels compared to the long-term objective of 515[2] total vessels, driving sustained investment across shipbuilding, modernization, and sustainment.

As demand accelerates, industrial capacity, workforce constraints, and supplier bottlenecks are increasingly emerging as the defining challenges and investment opportunities across the Naval ecosystem.

Strategic acquirers and financial sponsors are increasingly targeting the Naval industrial base as they seek exposure to long-duration defense spending, recurring sustainment revenue, and scarce industrial capabilities.

While shipbuilders remain the most visible beneficiaries of rising Naval investment, capital is increasingly flowing toward mission-critical suppliers, engineered components, electronics, propulsion systems, autonomy technologies, and MRO providers that sit at key bottlenecks within the value chain.

In our view, the most attractive opportunities are concentrated in businesses that expand industrial capacity, improve fleet readiness, or provide highly-qualified, difficult-to-replace technologies, positioning them to capture growth as the Navy modernizes and expands its fleet.

Source: Naval Technology / GlobalData
1. US Navy Shipbuilding Plan, May 2026
2. CRS: Navy Force Structure and Shipbuilding Plans Jan 20, 2026
Note: Total Naval vessel force figures includes battle-force ships, auxiliary ships, and uncrewed vessels.

US NAVAL POWER PRIORITIES

Department of War FY2027 Budget Highlights

FY2027 Defense budget signals continued investment surge in emerging technologies, strategic modernization, and operational readiness

FY2026–2027 Total National Defense Budget

Priority Applications:
- Strengthening homeland security
- Deterring Chinese aggression in the Indo-Pacific
- Revitalizing the US defense industrial base

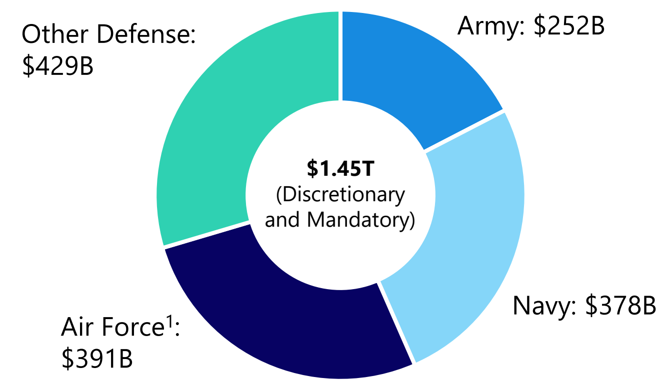
2026-2027: ~44% growth in Budget Requests

FY2025 Enacted Levels: **$893B**

FY2026 Budget Request: **$1T**

FY2027 Budget Request: **$1.45T**

FY2027 DoW Budget Service Breakdown

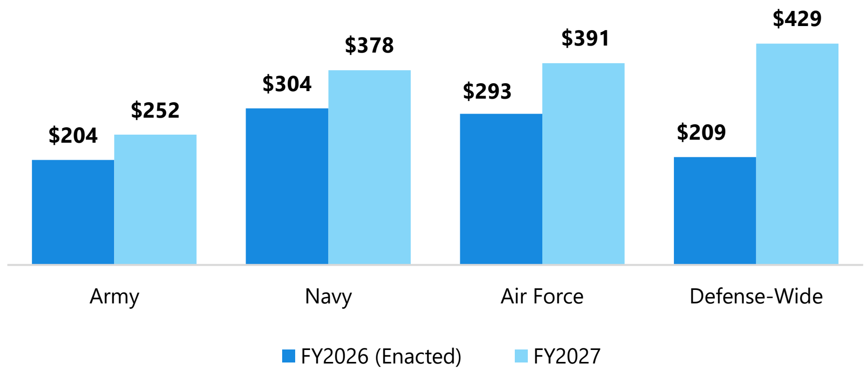


Select Strategic Priorities

Priority	Detail
Fleet Modernization	**$66B + Shipbuilding Budget –** Supporting fleet expansion, submarine production
Industrial Base Expansion	381 Manned Ships + 134 Unmanned Vessels = **515 Long-Term Total Force Objective –** Congressional Research Services targets a fleet of 515 vessels for long term stability[3], separately **Naval FY27 Shipbuilding plan projects growth to 450 total vessels by FY31**
Next-Gen Maritime Tech	**83 Unmanned Vessels Planned by 2031 –** The FY27-F31 Shipbuilding plan allocates over $4B toward unmanned systems
Recurring Sustainment & MRO Demand	**30–50 Year Asset Lifecycles –** Highlighting the revenue potential beyond initial build of the asset

DoW Budget Change by Service[2]

($ in Billions)



Source: FY2026 & FY2027 Defense Budget Overview & FY Naval Ship Building Plan
1. Inclusive of Space Force budget; 2. 2026 figures based on FY2026 enacted budget; 3. Navy Force Structure and Shipbuilding Plans Jan 20, 2026

FY2027 Defense Budget Update (September 2026)

Congress supports the core defense budget of $1.15T, while the proposed $350B reconciliation package remains the primary funding uncertainty

Initial Budget Request $1.5T

- The Administration requested approximately $1.5T of total national defense resources for FY2027, representing a 44% increase versus FY2026, including:
- **Discretionary National Defense Funding – $1.15T**
  - Includes $1.10T for the Department of War and approximately $53.5B for atomic energy and other defense-related activities
- **Proposed Reconciliation Funding – $350B**
  - Supports autonomy, AI, critical minerals, shipbuilding capacity and next-generation defense technologies

Current Proposal ~$1.2T

- Congressional proposals broadly preserve the discretionary defense topline, while contemplating approximately $60B of reconciliation funding versus the Administration's $350B request
- **Discretionary National Defense Funding – ~$1.14T**
  - Funding remains focused on military readiness, force modernization, shipbuilding, procurement and long-term capability development
- **Proposed Reconciliation Funding – $60B**
  - Current House and Senate budget frameworks contemplate approximately $60B of defense reconciliation funding versus the Administration's original $350B request

Timing and Key Considerations

- FY2027 begins on October 1, 2026, but neither defense appropriations nor reconciliation legislation have been finalized. Congress is expected to rely on a short-term continuing resolution while negotiations continue
- **Budget Timing Remains Uncertain**
  - Continuing resolutions could delay procurement ramps and select new program starts
  - Full-year funding levels remain dependent on appropriations and reconciliation negotiations
- **Naval Outlook Remains Favorable**
  - The Navy's FY2027 request includes a $378B topline and $66B of shipbuilding funding

FY2027 Defense Budget Process Timeline *(Full-year funding remains unresolved)*

April 3, 2026	June 2026	June–July 2026	June–August 2026	July–August 2026	October 1, 2026
Budget Submitted	**Supplemental Submitted**	**Committee Action**	**Funding Proposals Advance**	**Continuing Resolutions Passed**	**FY2027 Begins**
Administration submits ~$1.5T FY2027 defense request	FY2026 supplemental request (~$70B defense)	Committees advance proposals authorizing ~$1.14T of defense funding	Congressional frameworks contemplate ~$60B for reconciliation	House and Senate propose funding extensions into December	Full-year defense funding remains dependent on final appropriations and reconciliation action

Source: White House FY2027 Topline Fact Sheet; CSIS, "Tracking FY2027 Defense Appropriations, Reconciliation, and the Supplemental Request" (August 18, 2026); Congressional Research Service, FY2027 NDAA funding and status reports.

Navy FY2027 Proposed Budget

Budget changes reflect a push for readiness and modernization

Military Personnel $70B

Funds workforce expansion and training needed to support fleet operations, shipbuilding, and long-term force readiness

Operations and Maintenance $111B

Supports fleet readiness through $17B of ship maintenance and 58 maintenance availabilities, driving sustained demand for MRO and aftermarket services

Procurement $150B

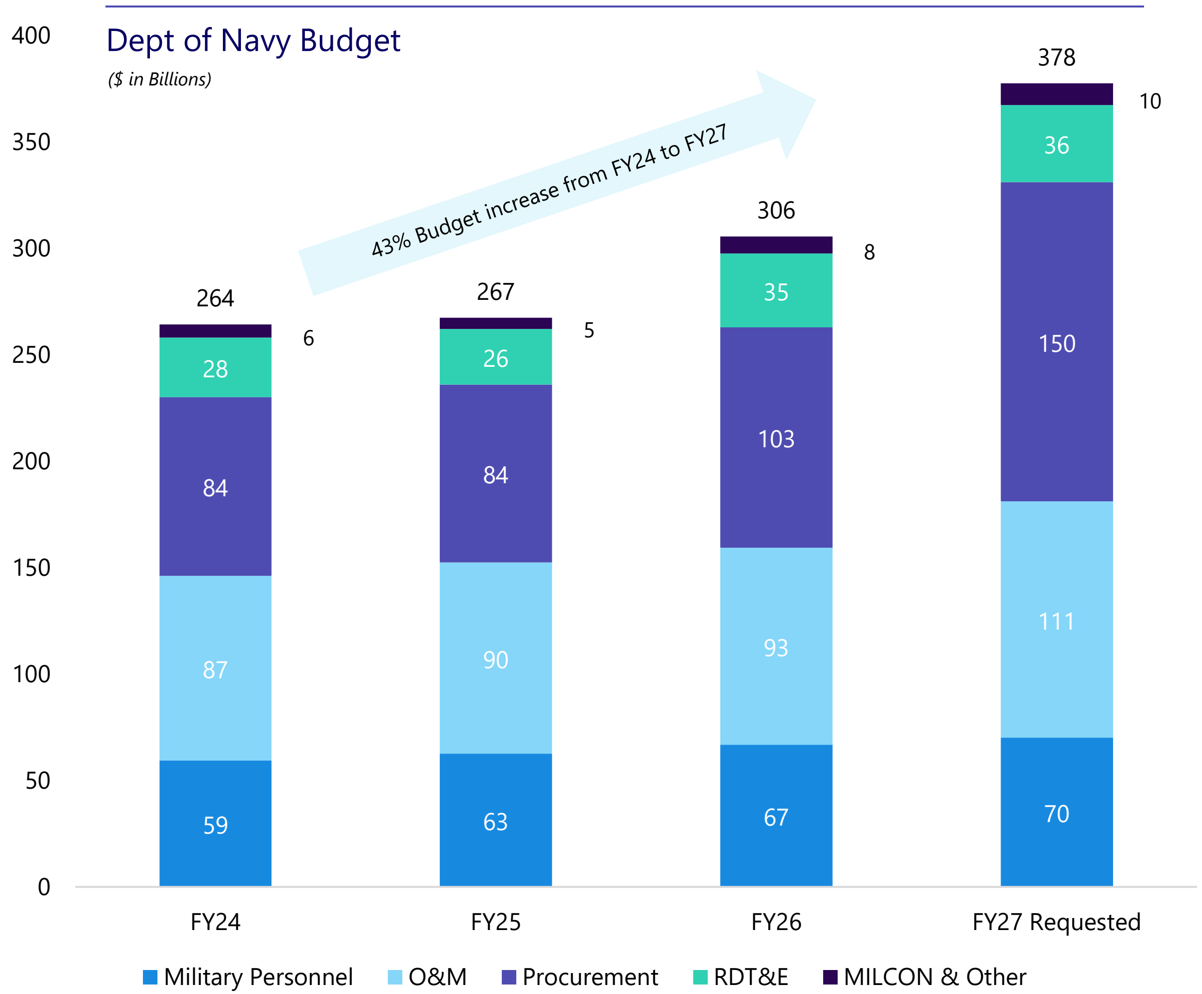
Largest budget increase, supporting shipbuilding ($66B), submarine production, weapons procurement, and industrial base expansion across the Naval ecosystem

Research, Development, Test, and Evaluation $36B

Accelerates investment in autonomy, AI, cyber, electronic warfare, and next-generation Naval capabilities

Military Construction & Other $10B

Capacity expansion is moving beyond suppliers and into physical infrastructure, creating long-duration demand for facilities, construction, and industrial services



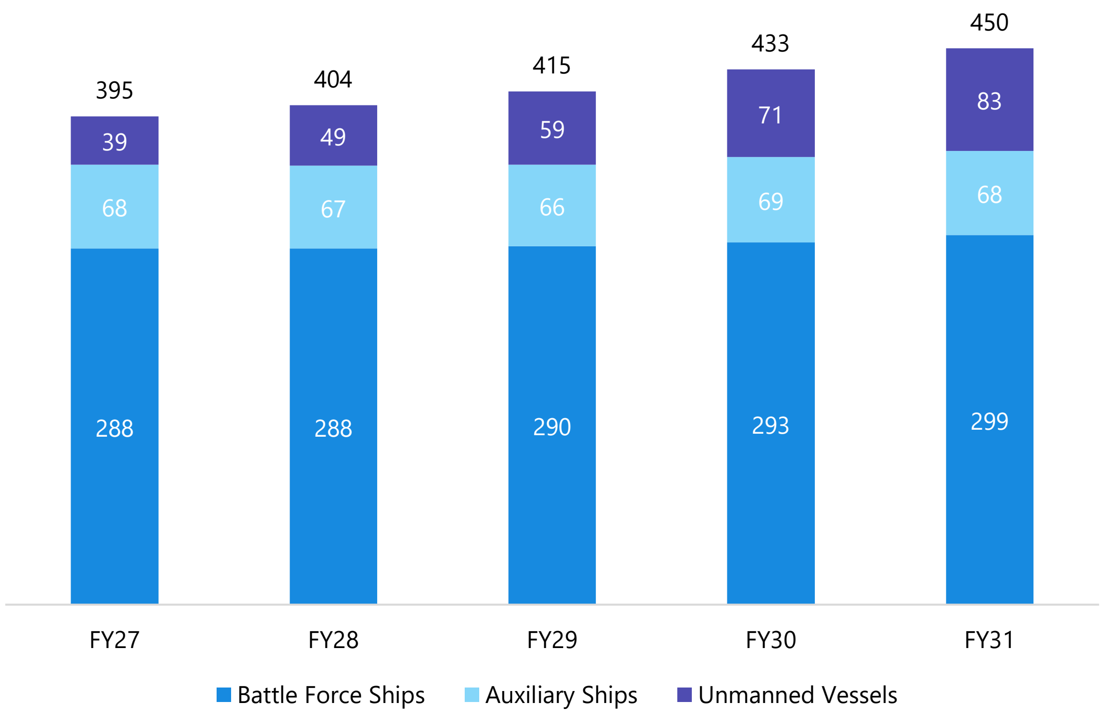
Source: FY27 Naval Ship Building Plan & FY27 Dept of Navy Budget Request
Totals may not sum due to rounding

Navy FY2027 Shipbuilding Plan

The US Navy is pursuing a long-term fleet expansion strategy, growing total vessel inventory from 395 to 450 vessels by FY2031

Navy Fleet Objectives

(# of Ships)



Battle Force Ships

- Core warfighting fleet, including submarines, carriers, surface combatants, and amphibious ships
- Demand driven by fleet modernization, nuclear deterrence, and Indo-Pacific force posture
- Key value chain: shipbuilders, submarine suppliers, propulsion systems, Naval electronics, C5ISR

Auxiliary Ships

- Supports logistics, replenishment, sealift, and fleet-sustainment operations
- Demand driven by aging vessel recapitalization and distributed maritime operations
- Key value chain: commercial shipyards, marine equipment suppliers, MRO, logistics infrastructure

Unmanned Vessels (80% of projected fleet growth)

- Expands fleet capacity through autonomous surface and undersea systems
- Demand driven by distributed maritime operations, autonomy adoption, and next-generation Naval warfare concepts
- Key value chain: autonomous vessels, sensors, communications, mission systems, and software-enabled defense technologies

The Navy's fleet expansion is creating long-term demand across the entire value chain as the service works to modernize for future maritime operations

Source: US Navy Shipbuilding Plan, May 2026; Naval Technology / GlobalData.
Note: Total Naval vessel force figures include battle-force ships, auxiliary ships, and uncrewed vessels.

FY2027 Shipbuilding & Conversion Orders

1 x Columbia-class submarine

2 x Virginia-class submarines

1 x San Antonio-class amphibious platform dock

2 x Arleigh Burke-class destroyers

1 x America-class amphibious assault ship

1 x T-AGOS Surtass ship

19 Battle Force Ships

- 9 x Landing Ship Mediums
- 2 x John Lewis-class fleet oilers

Other Ships/Craft

- 9 x LCU 1700 Landing Craft
- 1 x LCAC 100 Landing Craft
- 1 x Strategic Sealift Vessel
- 1 x Auxiliary (Used Sealift Conversion)

Source: US Navy

Representative Unmanned Vessels

Sea Hunter

Ranger

Marauder (Saronic)

Seahawk

Mariner

Romulus (HII)

Representative Medium Unmanned Surface Vessels

Operational Prototypes

- Sea Hunter
- Seahawk

Ghost Fleet Overlord

- Ranger
- Mariner

Illustrative Next-Generation Production Candidates

- Marauder (Saronic)
- Romulus (HII)

Source: US Navy, Unmanned vessel procurement quantities are not separately reported by vessel design

Critical Naval Value Chain Bottlenecks

Delays at a single constrained node can reduce system-wide Naval throughput

Critical Bottlenecks

1. Submarine Modules & Propulsion Equipment

Constrained Products:

- Bow & stern modules
- Turbine generators
- Castings & forgings
- Pressure-hull sections
- Nuclear valves & pumps

Real-World Impact:

- Columbia schedule affected by delayed bow, stern, and turbine deliveries[1,2]
- Late critical-path components disrupted module integration and contributed to delivery moving beyond the original FY2027 schedule[1,2]

20% of DLA's 100 Oldest Backorders Are Castings & Forgings[3]

2. Shipyard Throughput & Labor

Constrained Capacity:

- Nuclear-certified welders
- Pipefitters & electricians
- Construction halls
- Final assembly positions

Real-World Impact:

- BCG estimates the Navy is receiving approximately half of the annual ship production required to meet fleet objectives[4]
- Virginia-class production remains approximately 1.1 to 1.3 boats annually versus the Navy's two-per-year objective[4]

~1.2 vs. 2.0 Virginia-Class Annual Production Rate[4]

3. MRO & Drydock Capacity

Constrained Capacity:

- Nuclear dry docks
- Depot maintenance slots
- Repair labor
- Component overhaul facilities
- Spare ship-set inventory

Real-World Impact:

- Attack-submarine maintenance delays and idle time generated an estimated $3.4B of costs during FY2016–FY2025[5]
- White House-directed development of a plan for a fifth public Navy shipyard and up to three new submarine-capable dry docks[6]

15,000+ Attack-Submarine Operational Days Lost to Maintenance Delays[5]

Industrial ...Bottlenecks—Not Funding—Determine...Naval Throughput

How Government / Industry is Reacting

GD Electric Boat

US Navy Awards General Dynamics Electric Boat a $15.4B Contract Modification Through June 2035[8]

- Supports Columbia-class production, supplier development and sustainment through 2035
- Provides long-term demand visibility across the submarine supply chain, from modules and propulsion systems, to critical components

AUSTAL

Electric Boat Awards Austal $450M to Expand Submarine Module Capacity[7]

- Dedicated module fabrication capacity adds throughput to constrained programs
- Supports annual production goals for Columbia and Virginia-class submarines

White House Directs Planning for a Fifth Public Shipyard[6]

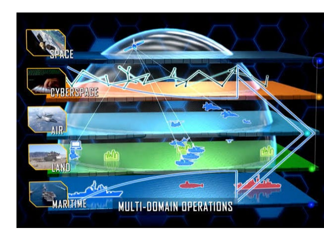
- Presidential memorandum calls for a fifth public yard and up to three new submarine-capable dry docks
- Initiative targets nuclear-submarine and aircraft-carrier repair capacity and fleet readiness

Sources:
1. USNI News, Navy Says Columbia-Class Sub Construction Schedule Improving
2. USNI News, First Columbia-Class Sub Tracking to 2028 Delivery, General Dynamics Says
3. Defense Logistics Agency (DLA), Castings & Forgings Program Briefing.
4. Boston Consulting Group, The US Navy Has Ambitious Plans. Shipbuilders Must Catch Up
5. GAO-26-109256 / Defense News, 15,000 Operational Days Lost Due to US Submarine Maintenance Delays,
6. White House Presidential Memorandum, Rebuilding the United States Navy and America's Shipbuilding Industrial Base
7. Austal USA, $450M Contract to Expand Submarine Module Production Capacity,
8. Columbia-Class Contract Modification Announcement / Electric Boat Support Contract Through 2035

Emerging Technologies in the Naval Domain

Emerging Technologies are Capacity Multipliers for Naval Fleet Growth

	Autonomous & Unmanned Systems	AI-Enabled Maritime Command & Control	Hypersonic & Directed-Energy Weapons	C5ISR & Resilient Networks
Overview	• Expands sensing, logistics, and combat capacity through autonomous surface and undersea platforms • Provides lower-cost operational mass through distributed, attainable systems • Supports persistent ISR, electronic warfare and mine countermeasure missions	• Uses AI to accelerate decision-making across distributed fleets • Fuses sensor, platform, and intelligence data into a common operating picture • Enables command continuity in degraded communications environments	• Extends Naval strike range and survivability through hypersonic weapons • Adds low-cost defensive effects through high-energy lasers and microwave systems • Increases combat capability without expanding fleet size	• Connects sensors, commanders, and weapons across distributed forces • Maintains operations in GPS-denied and contested environments • Enhances targeting, survivability, and battlespace awareness
Highlights	• Accounts for ~80% of projected fleet growth through FY31 (39-83) • Replicator accelerates deployment of autonomous systems at scale • Silent Swarm advances collaborative autonomy and swarm operations	• SAILS brings AI-enabled applications into Maritime Operations Centers • Navy modernization is increasingly centered on AI-enabled battle management	• Navy successfully demonstrated Conventional Prompt Strike, sea-based launch capability • HELIOS continues to advance Naval-directed energy deployment	• Project Overmatch is building the Navy's next-generation combat network • Investment continues in resilient communications and sensor architectures



Featured Sector News

Multiple recent contract awards demonstrate continued USG support for expanding the industrial base and providing long-term visibility

Date	Company	Subsectors	Description	Article Link
8/22/2026		Combat Systems & Sensors	• The US Navy is nearing selection of the prime contractor for the F/A-XX sixth-generation carrier fighter program, reinforcing long-term demand for advanced sensors, mission systems, networking, autonomy, and next-generation propulsion technologies across the defense industrial base	Read More
8/21/2026	LOCKHEED MARTIN ULTRA MARITIME	Combat Systems & Sensors	• Australian regulators appear inclined to approve Lockheed Martin's $3.45B acquisition of Ultra Maritime, strengthening Lockheed's position in undersea warfare, sonar, and anti-submarine warfare technologies serving allied Naval forces, transaction still pending	Read More
8/17/2026	OPT OCEAN POWER TECHNOLOGIES	Components & Electronics	• Ocean Power has initiated a review of strategic alternatives to evaluate opportunities to maximize shareholder value following continued growth in its defense and maritime technology offerings	Read More
8/17/2026	RTX	Combat Systems & Sensors	• US Navy awarded Raytheon a $22.9B multiyear Tomahawk contract designed to increase production to more than 1,000 missiles annually while expanding manufacturing capacity and supplier investment	Read More
7/30/2026	GENERAL DYNAMICS Electric Boat Huntington Ingalls Industries	Nuclear, Propulsion, Power	• US Navy awarded $76.7B of contracts covering nine Block VI Virginia-class submarines and five Columbia-class submarines, reinforcing long-term submarine production and industrial-base expansion	Read More
7/24/2026	BAE SYSTEMS	Nuclear, Propulsion, Power	• Australia committed an additional A$4.6B toward expansion of the Osborne shipyard under AUKUS, accelerating infrastructure and workforce development for future SSN-AUKUS submarine construction	Read More
7/23/2026	RTX	Combat Systems & Sensors	• The Navy awarded Raytheon a $1.8B SPY-6 radar production and sustainment contract extension, supporting deployment of the next-generation radars across more than 50 future Navy vessels	Read More
5/26/2026		Shipbuilding & Platforms	• The Navy's FY27 Shipbuilding plan outlines procurement of 47 Medium Unmanned Surface Vessels (MUSVs) through FY31, underscoring growing investment in autonomous maritime platforms and distributed fleet operations	Read More
5/6/2026	GENERAL DYNAMICS Bath Iron Works	Shipbuilding & Platforms	• Bath Iron Works has been awarded the contract to construct DDG-149, extending production of the Arleigh Burke-class destroyer program and supporting critical surface combatant capacity	Read More
4/28/2026	Huntington Ingalls Industries	Shipbuilding & Platforms	• Huntington Ingalls Industries received a $282.9M FF(X) lead-yard contract supporting development of the Navy's next-generation frigate program and transition toward future construction activities	Read More
3/19/2026	GENERAL DYNAMICS Electric Boat	Nuclear, Propulsion, Power	• Electric Boat received a $15.4B Columbia-class contract modification supporting design activities, supplier-base expansion, and long-term production of the Navy's next-generation strategic deterrent submarines	Read More

Source: Company websites, press releases

Political and Military Leadership Voices

National leaders emphasize Naval readiness and historic investment in national security

*"To boost our defense industrial base, we are also going to resurrect the American shipbuilding industry, including commercial shipbuilding and military shipbuilding. And for that purpose, I am announcing tonight that **we will create a new office of shipbuilding** in the White House and **offer special tax incentives** to bring this industry home to America, where it belongs."*

Donald J. Trump
President of the United States, March 2025

Event: Creation of Office of Shipbuilding

*"This is not merely a course correction; it is a **generational undertaking to restore America's position as a sea power** state. It requires a clear-eyed strategy, sustained investment, and a direct commitment to the American worker who builds the ships and the Sailor and Marine who sail them into the fight."*

Hung Cao
Secretary of the Navy, May 2026

Event: FY26 Shipbuilding Plan

*"Decades of neglect by the US government and private industry has weakened our shipbuilding capacity and maritime workforce, contributing to a declining US-flag shipping fleet. Meanwhile, **the People's Republic of China became the world's top shipbuilding and shipping nation**, boasting 230 times more shipbuilding capacity than the United States. **We cannot continue to allow this trend.**"*

Senator Mark Kelly (D)
Congressman Mike Waltz (R)
April 2024

Event: Congressional Guidance for a National Maritime Strategy

Source: The White House, US Air Force, US Department of War, US Space Command, US Space Force press releases

Corporate Leadership Voices

Naval industry leaders call for urgent investment, vertical integration, and warfighting-ready capability to secure America's maritime advantage

Chris Kastner
President & CEO

Huntington Ingalls Industries

- Increased shipbuilding throughput 14% in 2025 and **planned to outsource more than 2.5 million hours of shipbuilding work in 2026**
- "**Shipbuilding is a broad-based team effort** in support of our customers' mission to protect peace and freedom across the globe." (April 2026)
- Kastner states **HII is working to meet "growing and urgent demand for ships"** by distributing more shipbuilding work to partner companies across the country to improve schedule performance and expand the US maritime industrial base

Mark Rayha
President

GENERAL DYNAMICS Electric Boat

- "These important **contract modifications provide Electric Boat and our suppliers with demand certainty.** We need to continue investing in capacity and hiring the workforce necessary to ensure we deliver these important national security assets on schedule." (July 2026)
- **Electric Boat received** major awards tied to many submarine buildouts as part of the **$76.6B Navy contract announcement.** The Navy framed the awards as a "historic investment" which will provide long-term stability for the shipbuilding industrial base

Phil Jasper
President, Raytheon

Raytheon An RTX Business

- "**We are making significant investments** in our workforce, technology, supply chain and facilities **to dramatically boost production capacity** and meet surging demand." (August 2026)
- The **US Navy awarded Raytheon a $22.9B, seven-year Tomahawk contract** intended to ramp production to 1,000 missiles per year
- Raytheon also emphasized production scale on Naval weapons, stating "streamlined production, shortened lead times and ramped up deliveries" to meet demand

Nino DiCosmo
President, Maritime, Space & Mission

L3HARRIS™

- "The Torpedo Tube Launch and Recovery system is not a future capability; it's answering combatant commander needs today." (March 2026)
- Highlighted manned-unmanned teaming **as a critical component of the Navy's future** distributed maritime operations concept
- L3Harris **emphasizes the importance of deploying combat-ready capabilities today** rather than waiting for next-generation platforms

John Baylouny
President & CEO

LEONARDO DRS

- "This is a **defining moment for our industry**, and we intend to lead from the front." (January 2026)
- Leonardo DRS is positioned to deliver "disruptive, trusted technologies at the speed the mission demands" across defense, intelligence, and international customers
- Baylouny highlighted steam turbine generators as a bottleneck, **saying that to increase submarine throughput** "we need more suppliers of things like that"

Dr. Shane Arnott
SVP, Maritime Division

ANDURIL

- "The subsea domain currently is patrolled and serviced by a very small number of exquisite capabilities." (March 2026)
- Arnott adds that the Pacific and High North are water-based fights, concluding that **"robots are needed to supplement the crewed systems"**
- Anduril was selected by the US Navy and DIU for the CAMP program to develop an extra-large autonomous underwater vehicle, after demonstrating long-duration XL-AUV capability

Source: Company press releases, Navy releases, National Defense, Defense News, Breaking Defense, Military Times, Naval Today

MAPPING THE NAVAL POWER VALUE CHAIN

SOLOMON

US Naval Defense Industry Value Chain

The Naval value chain comprises six primary segments

Components & Subsystems

- Manufactures engineered components, such as pumps, valves, actuators, and controls
- Benefits from qualification barriers and recurring replacement demand

~22-28x
2027E EBITDA[1,2]

Electronics & Sensors

- Provides radar, communications, navigation, and EO/IR sensing systems
- Increasing electronic content per vessel supports long-term growth

~22-28x
2027E EBITDA[1,2]

Combat & Mission Systems

- Supplies weapons integration, command-and-control, and electronic warfare systems
- Value is driven by mission-critical technology and software content

~13-19x
2027E EBITDA[1]

Power & Propulsion

- Provides propulsion, power generation, and electrical systems for Naval vessels
- Benefits from high barriers to entry and long lifecycle support requirements

~19-22x
2027E EBITDA[1]

Shipbuilding & Platforms

- Designs and builds Naval vessels, including submarines, destroyers, and support ships
- Driven by fleet modernization, defense budgets, and long-term backlogs

~7-12x
2027E EBITDA[1]

MRO & Sustainment

- Provides maintenance, repair, overhaul, and lifecycle support services
- Generates recurring revenue through long-term fleet support contracts

~8-14x
2027E EBITDA[1]

Select Public Company Players

MOOG SPACE AND DEFENSE GROUP
THALES
LOCKHEED MARTIN
BWXT BWX Technologies, Inc.
Huntington Ingalls Industries
Babcock
ITT ENGINEERED FOR LIFE
LEONARDO DRS
RTX COLLINS AEROSPACE PRATT & WHITNEY RAYTHEON
CURTISS-WRIGHT
GENERAL DYNAMICS
VSE CORPORATION

SOLOMON

1. Values represent 25th to 75th percentile of public company groups
2. Combined Components and Electronics group

Components and Subsystems

Components and subsystems suppliers sit at the center of Naval industrial-base expansion

What It Is

- Supplies mission-critical engineered components that support Naval vessel construction, propulsion, combat systems, and onboard electronics
- Provides highly qualified products with long certification cycles, creating significant barriers to entry and limited supplier substitution
- Benefits from recurring aftermarket demand, fleet modernization programs, and expanding Naval shipbuilding activity

Key Products

- Pumps, Valves & Fluid Handling Systems
- Actuators & Motion Control Systems
- Bearings & Rotating Equipment
- Electrical Distribution & Power Management Systems
- Connectors, Wiring & Harsh-Environment Interconnects
- Specialty Castings, Forgings & Precision Machined Components

Key Public Company Players

CRANE

MOOG SPACE AND DEFENSE GROUP

ESCO TECHNOLOGIES

HELIOS TECHNOLOGIES

Regal Rexnord

ITT ENGINEERED FOR LIFE

RBC BEARINGS

Parker

Qualification-driven suppliers benefit from broad platform exposure and recurring lifecycle demand

Source: US Navy FY27 Budget Request; Department of Defense Budget Materials; Congressional Research Service; Company Filings and Investor Presentations

Electronics and Sensors

Electronics and sensor systems are increasingly critical to Naval modernization and distributed maritime operations

What It Is

- Provides radar, communications, electronic warfare, navigation, sonar, and electro-optical sensing systems that enable situational awareness and mission execution
- Increasing electronic content per vessel is driving sustained demand as fleets modernize and adopt more networked and autonomous capabilities
- Benefits from long program lifecycles, technology refresh requirements, and growing investment in C5ISR, cyber resilience, and unmanned systems

Key Products

- Air/Surface Surveillance Systems
- Sonar & Undersea Sensing Technologies
- Electronic Warfare & Signal Intelligence Systems
- Secure Communications & Networking Equipment
- Electro-Optical/Infrared (EO/IR) Sensors
- Navigation, Positioning & Integrated Sensor Suites

Key Public Company Players

Elbit Systems
KRAKEN ROBOTICS
L3HARRIS™
LEONARDO DRS
NORTHROP GRUMMAN
RTX
COLLINS AEROSPACE
PRATT & WHITNEY
RAYTHEON
TELEDYNE TECHNOLOGIES Everywhereyoulook™
THALES

Electronics and sensors are capturing a growing share of Naval spending as fleets prioritize connectivity, autonomy, and information superiority

Source: US Navy FY27 Budget Request; Department of Defense Budget Materials; Congressional Research Service; Company Filings and Investor Presentations

Combat and Mission Systems

Integrated combat systems enable Naval platforms to detect, decide, and deliver mission effects across contested environments

What It Is

- Provides mission-critical systems that integrate sensors, weapons, communications, and command-and-control capabilities to support Naval operations
- Enables threat detection, target engagement, battlespace awareness, and coordinated fleet operations across surface, subsurface, and unmanned platforms
- Benefits from increasing investment in integrated air and missile defense, distributed maritime operations, and autonomous warfare capabilities

Key Products

- Combat Management Systems (CMS)
- Command, Control, Communications, Computers, Cyber, Intelligence, Surveillance & Reconnaissance (C5ISR)
- Weapons Integration & Fire Control Systems
- Air & Missile Defense Systems
- Electronic Warfare & Countermeasure Systems
- Autonomous & Unmanned Mission Systems

Key Public Company Players

BAE SYSTEMS | GENERAL DYNAMICS | Huntington Ingalls Industries | L3HARRIS™
LEONARDO DRS | LOCKHEED MARTIN | NORTHROP GRUMMAN | RTX (COLLINS AEROSPACE, PRATT & WHITNEY, RAYTHEON)

Combat and mission systems serve as the digital backbone connecting sensors, weapons, and decision-making across the fleet

Source: US Navy FY27 Budget Request; Department of Defense Budget Materials; Congressional Research Service; Company Filings and Investor Presentations

Power and Propulsion

Power and propulsion systems provide the energy generation and propulsion technologies underpinning Naval platform performance and endurance

What It Is

- Provides propulsion, power generation, and electrical systems that enable Naval vessels to operate across surface and subsurface missions
- Includes conventional and nuclear propulsion technologies that support platform endurance, survivability, and mission effectiveness
- Benefits from fleet expansion, submarine production, electrification initiatives, and increasing onboard power technologies

Key Products

- Naval Nuclear Reactor Systems
- Marine Propulsion & Drive Systems
- Power Generation Equipment
- Electrical Distribution & Power Management Systems
- Energy Storage & Electrification Technologies
- Auxiliary Power & Turbine Systems

Key Public Company Players

BAE SYSTEMS

BWXT — BWX Technologies, Inc.

CURTISS-WRIGHT

GE VERNOVA

Huntington Ingalls Industries

Parker

Rolls-Royce

RTX — COLLINS AEROSPACE, PRATT & WHITNEY, RAYTHEON

Power and propulsion systems remain central to fleet expansion, supporting next-generation power demands, operational endurance, and platform performance

Source: US Navy FY27 Budget Request; Department of Defense Budget Materials; Congressional Research Service; Company Filings and Investor Presentations

Shipbuilding and Platforms

Components & Subsystems | Electronics & Sensors | Combat & Mission Systems | Power & Propulsion | **Shipbuilding & Platforms** | MRO & Sustainment

Shipbuilders serve as the primary integrators of the Naval industrial base, delivering mission-capable platforms to support fleet expansion and modernization

What It Is

- Designs, builds, and integrates Naval vessels, including submarines, aircraft carriers, destroyers, frigates, amphibious ships, and unmanned platforms
- Acts as the primary integrator of propulsion & combat systems, sensors, communication equipment, and mission-critical technologies coordinating thousands of suppliers across Naval programs
- Provides highly engineered, program-specific platforms characterized by long development cycles, significant technical requirements, and decades-long operating lifecycles supported through modernization and sustainment activities

Key Products

- Nuclear Submarines & Attack Submarines
- Aircraft Carriers & Amphibious Ships
- Surface Combatants, Destroyers & Frigates
- Unmanned Surface & Undersea Vehicles
- Vessel Design, Integration & Engineering
- Fleet Modernization & Platform Upgrades

Key Public Company Players

AUSTAL | BAE SYSTEMS | FINCANTIERI The sea ahead | GENERAL DYNAMICS

Huntington Ingalls Industries | KONGSBERG | NAVAL GROUP | TEXTRON

Fleet recapitalization and force expansion are supporting sustained investment in shipbuilding capacity, production infrastructure, and platform construction

Source: US Navy FY27 Budget Request; Department of Defense Budget Materials; Congressional Research Service; Company Filings and Investor Presentations

MRO & Sustainment

Components & Subsystems | Electronics & Sensors | Combat & Mission Systems | Power & Propulsion | Shipbuilding & Platforms | MRO & Sustainment

Fleet readiness and modernization priorities are driving sustained demand for maintenance, repair, overhaul, and lifecycle support services

What It Is

- Provides maintenance, repair, overhaul, modernization, and lifecycle support services that sustain the operational readiness and availability of Naval platforms throughout decades-long service lives
- Supports vessels, propulsion systems, combat systems, electronics, and critical onboard equipment through scheduled maintenance, depot-level repairs, upgrades, and technical services
- Benefits from growing fleet utilization, aging Naval assets, increasing sustainment requirements, and long-term government support contracts that generate highly recurring revenue streams

Key Products

- Ship Maintenance & Repair
- Depot-Level Overhaul & Modernization
- Technical Service & Field Support
- Systems Integration & Upgrade Programs
- Logistics & Supply Chain Support
- Fleet Readiness & Lifecycle Sustainment

Key Public Company Players

amentum | Babcock | Huntington Ingalls Industries | KBR

leidos | SAIC | serco | VSE Corporation

Aging fleets and multidecade platform lifecycles support recurring demand for maintenance, repair, overhaul, and sustainment services

Source: US Navy FY27 Budget Request; Department of Defense Budget Materials; Congressional Research Service; Company Filings and Investor Presentations

SELECT PRECEDENT TRANSACTIONS

SOLOMON

Select Naval Domain Precedent Transactions

Contact
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Parker.Teufel@solomonpartners.com
for further details

SELECT PRIVATE COMPANIES

Select Privately Held Market Participants

Shipyards, Shipbuilding & Naval MRO

Contact

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Select Privately Held Market Participants (Cont.)

Shipyards, Shipbuilding & Naval MRO

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Select Privately Held Market Participants (Cont.)

Propulsion, Ship Power & Naval Nuclear

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Select Privately Held Market Participants (Cont.)

Components, Metals, Valves & Flow Control

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Select Privately Held Market Participants (Cont.)

C5ISR, Electronics & Mission Systems

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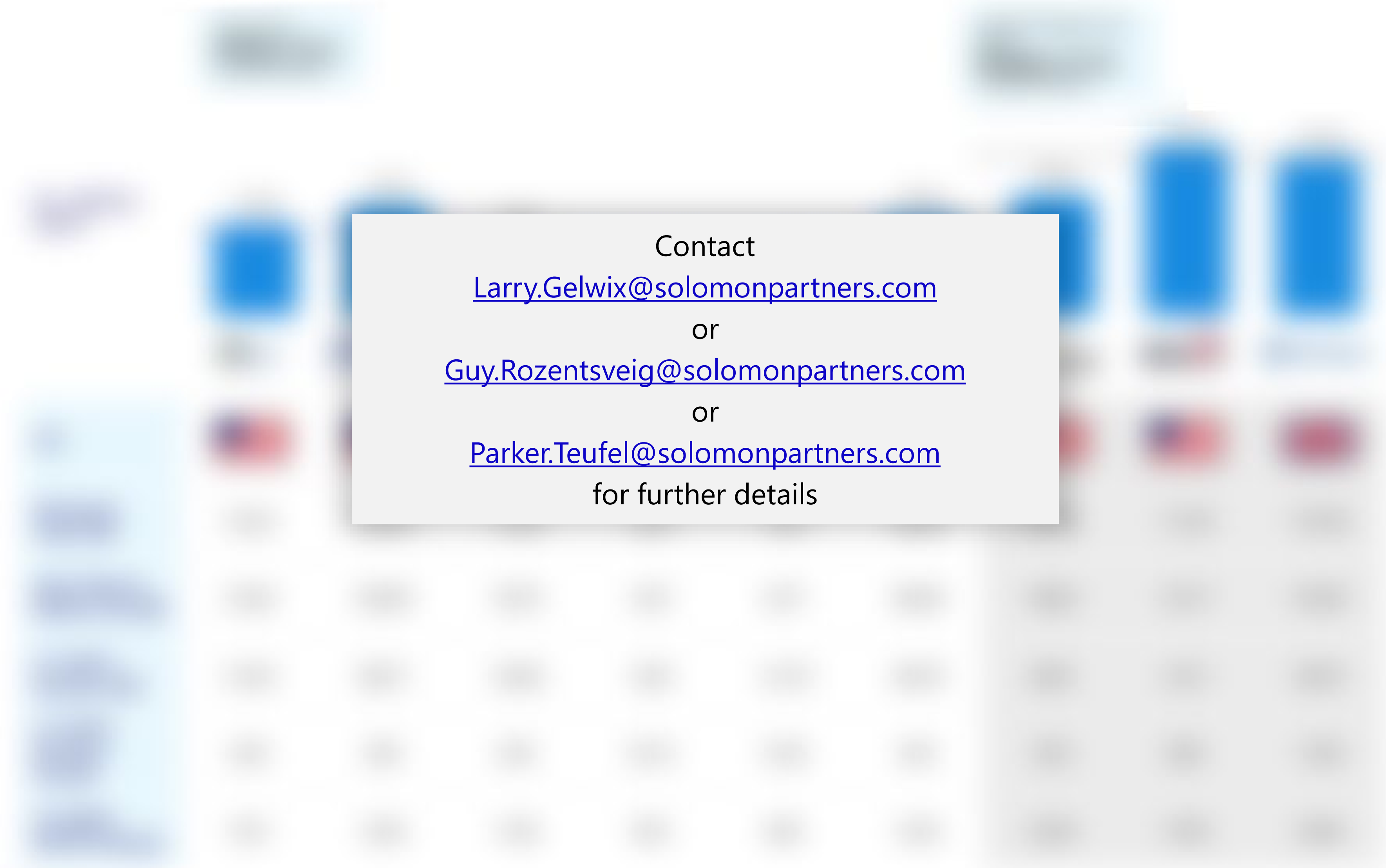
for further details

SELECT PUBLIC COMPANIES

Select Naval Public Company Comparables

Shipbuilding & Nuclear Propulsion and Power



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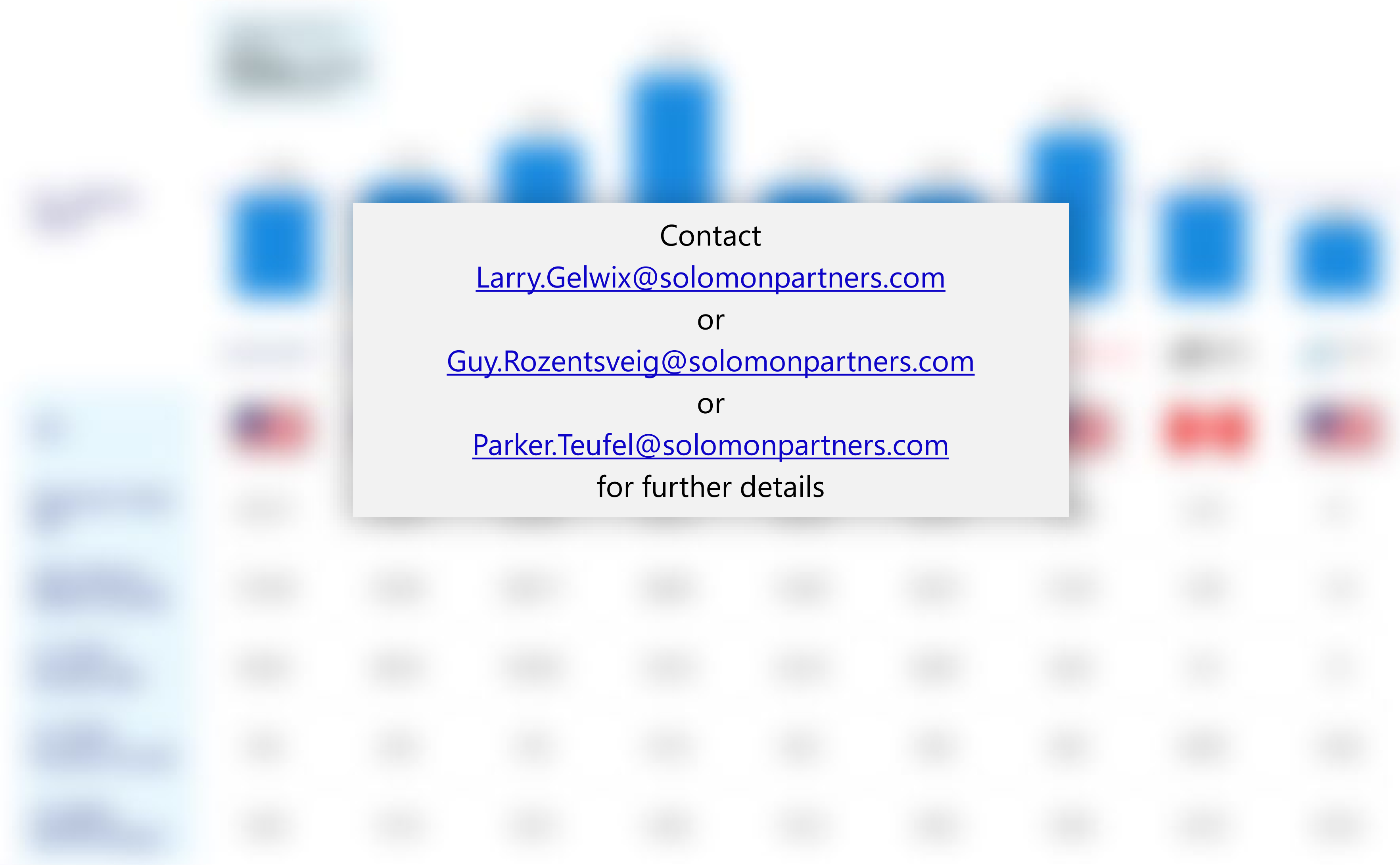
for further details

Select Naval Public Company Comparables (Cont.)

Combat Systems & Sensors



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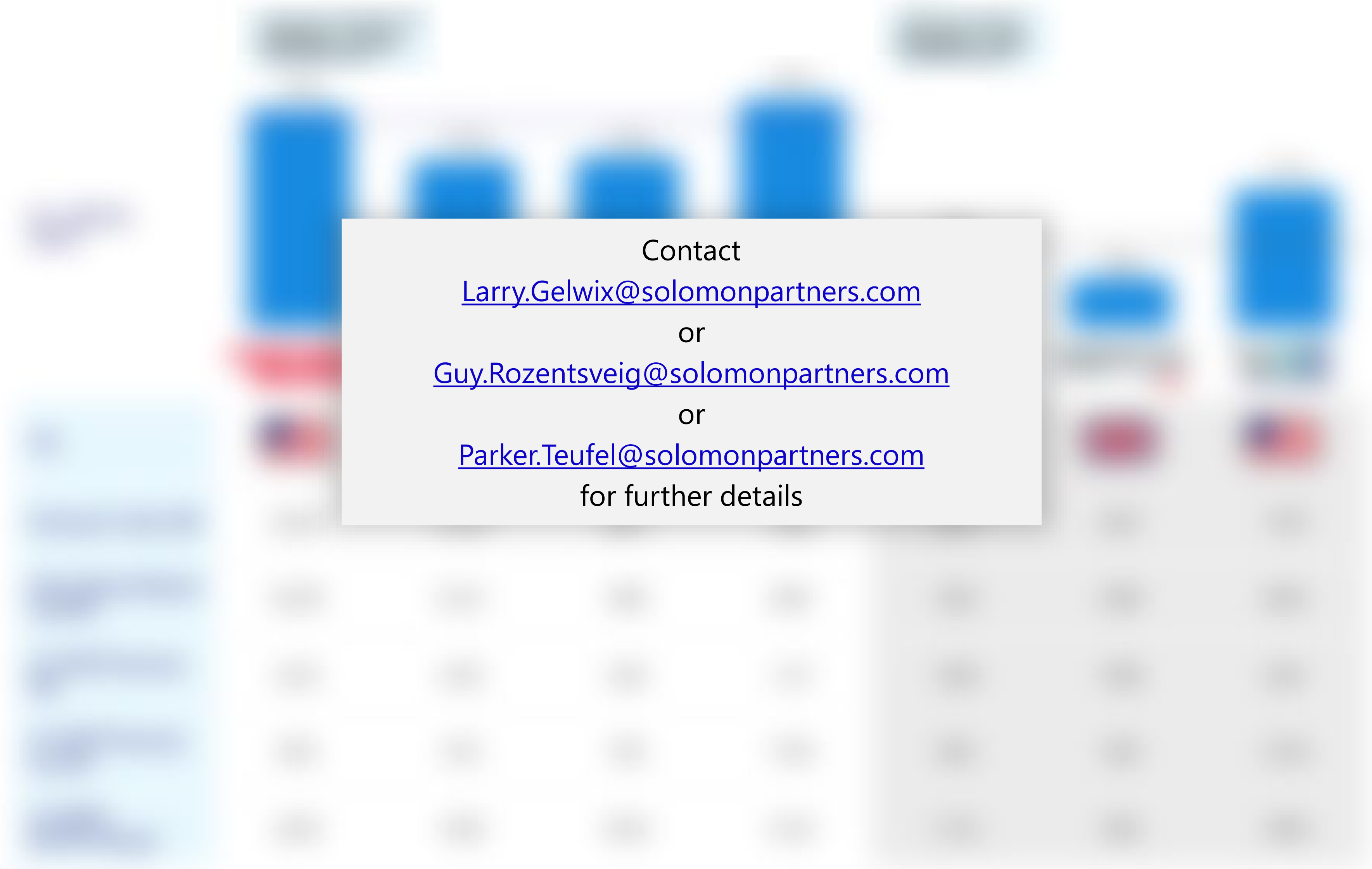
Select Naval Public Company Comparables (Cont.)

Components & Electronics and MRO & Sustainment



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SOLOMON PARTNERS CREDENTIALS

Expertise You Can Trust, Execution You Can Count On

About Solomon

WHAT WE DO

We are a leading investment bank—one of the first independent firms in the industry. Our difference is creating long-term shareholder value through our unmatched industry expertise and decades of experience.

WHO WE ARE

Deep industry expertise

Positioned as a leader across the sectors we bank

Great bankers

Experienced in working with clients on their most important transactions

Good people who care

Focused on our client relationships, not just the transaction

HOW WE'VE GROWN

We've significantly expanded our capabilities and offerings.

12+
Industries covered

45+
Partners and MDs

200+
Bankers

$1.0T+
Transactions advised on

Our Differentiated Platform

Evolving our capabilities and offerings over the years

Leading Independent Investment Bank

- Founded in 1989, we provide unmatched industry expertise and experience.
- We maximize shareholder value for our clients.

Diversified & Growing Platform

- We are deep industry experts, great bankers, and good people who care. Our bankers are the advisors who clients trust to work on their most important transactions.
- We continue to expand our capabilities to serve the wide range of clients we cover. We've grown from 2 to 12+ industry coverage areas, while enhancing our M&A, capital advisory and restructuring offerings.

Delivering for Our Clients

- We are focused on our clients' goals and objectives.
- We provide tailored advice and solutions based on decades of experience.
- We are invested in our client relationships, not just the transaction.

INDUSTRY COVERAGE

- Business Services
- Consumer Retail
- Distribution
- Financial Institutions
- Financial Sponsors
- Fintech
- Grocery, Pharmacy & Restaurants
- Healthcare
- Industrials
- Infrastructure, Power & Renewables
- Media & Entertainment
- Professional Services
- Technology

PRODUCT CAPABILITIES

M&A and Strategic Advisory

- Sellside & Buyside
- Strategic Advisory
- Cross-Border M&A
- Special Committees
- Fairness Opinions
- Activism Defense

Capital Advisory

- Financing Advisory
- Debt Advisory & Capital Solutions
- Liability Management
- Financial Restructuring

Our Global M&A Network

Strategic relationships in all major global markets

Through our strategic relationship with Natixis and its global M&A network, we offer clients access to advisory services and financing capabilities across Europe, the Middle East, and Asia Pacific.

- Cross-border M&A, debt and equity capital markets, and acquisition and strategic financing capabilities

PRESENCE IN KEY MARKETS ACROSS

30

Countries

Global Reach

USA	EUROPE		APAC		MIDDLE EAST
New York	Amsterdam	Madrid	Beijing	Shanghai	Dubai
Chicago	Berlin	Milan	Hong Kong	Shenzhen	
Miami	Brussels	Munich	Melbourne	Singapore	
Tampa	London	Paris	Perth	Sydney	

Product Offerings & Capabilities

M&A and Strategic Advisory

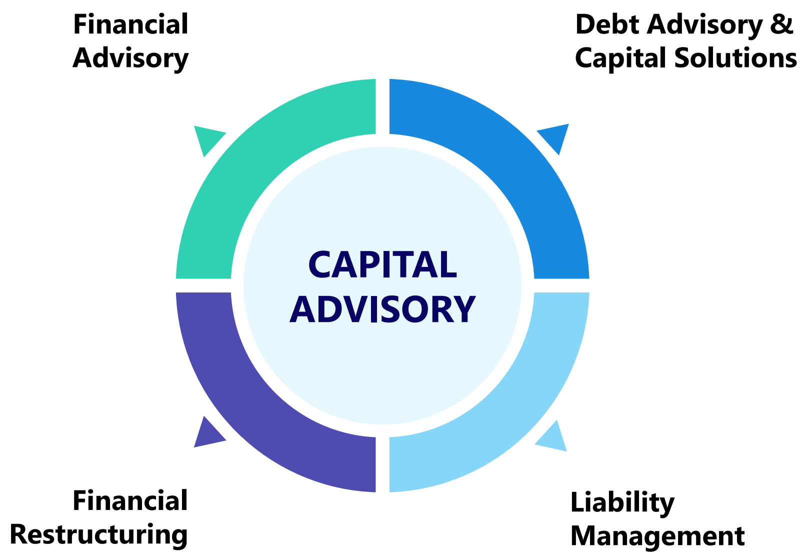
M&A is the core of Solomon's advisory services. Our bankers have unparalleled track records, providing comprehensive strategic solutions tailored to generate long-term shareholder value.

In addition to our core coverage sectors, Solomon has a team of dedicated bankers who specialize in complex M&A assignments.

Capital Advisory

Solomon's Capital Advisory team works closely with clients to provide comprehensive, conflict-free guidance at any stage of an organization's life cycle.

Capital Advisory partners seamlessly with the firm's best-in-class industry experts to provide clients with value-maximizing advice.



Select Recent Transformational Transactions in Aerospace & Aviation

Announced Date

Jun-26

Premier Forge Overview:
Producer of highly engineered forged components serving aerospace, defense, and specialty industrial end markets

Transaction:
Acquired by H.I.G. Capital from Wynnchurch Capital; Solomon Partners served as financial advisor to H.I.G. Capital

Key Theme:
Mission-critical A&D supplier with differentiated forging capabilities and strong OEM relationships

Jun-26

Berry Aviation Overview:
Provider of government and defense aviation services across special missions, ISR, MRO, and UAS

Transaction:
Acquired by Bristow Group (NYSE: VTOL) for $105M in cash; Solomon Partners served as financial advisor to Bristow

Key Theme:
Broadens government services platform and deepens ties to US government and prime defense contractors

Jan-26

Harper Engineering Overview:
Leading manufacturer of engineered aerospace products for aircraft interiors

Transaction:
Loar Group acquired Harper Engineering; Solomon Partners served as sole financial advisor to Harper Engineering

Key Theme:
Longtime supplier to major commercial aircraft programs

Significant proprietary engineering capabilities

Nov-25

TriMas Aerospace Overview:
Leading provider of highly engineered fasteners and precision-machined components

Transaction:
Tinicum and Blackstone are acquiring TriMas Aerospace; Solomon Partners is serving as sole financial advisor to the purchaser

Key Theme:
Sole source supplier on several prominent commercial programs

Marquee asset in a highly public, scrutinized, and competitive auction

Sep-25

Comlux Overview:
Leading US provider of interior and completion services, and MRO for business jets

Transaction:
Everpeak acquired Comlux America, LLC; Solomon Partners served as financial advisor to Everpeak

Key Theme:
Exclusive partner for leading business jet platforms

May-25

West Star Overview:
Leading US business aviation MRO provider offering full-suite of maintenance and modification services

Transaction:
Acquired by Greenbriar; Solomon Partners served as financial advisor to West Star and The Sterling Group (seller)

Key Theme:
Market leading platform with franchise valuation premium

Managing and engaging with aviation aftermarket buyer universe

Aug-24

Farsound Overview:
Global aero-engine supply-chain partner focused on kitting, vendor-managed inventory, and just-in-time delivery

Transaction:
Acquired by Onex from AGIC Capital; Solomon Partners advised Onex (buyer)

Key Theme:
Scaled, cost-efficient parts solutions

Long-term contracts drive visibility

Managing and engaging with aero-engine buyer universe

Jul-24

MRO Holdings Overview:
Major airframe MRO with 10M+ annual maintenance hours across the US, Mexico, and El Salvador

Transaction:
Bain invested in July 2024 to support growth; Solomon Partners advised MRO Holdings and its shareholders

Key Theme:
Growth in outsourced heavy airframe MRO

Managing and engaging with aero aftermarket buyer universe

Disclaimer

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