



Overview and Opportunity within the Missiles and Munitions Market

October 2025

Executive Summary

An evolving global threat environment, driven by near-peer adversaries like China and Russia advancing their missile capabilities, is driving a strategic U.S. response centered on modernizing its own offensive and defensive arsenals. This strategic imperative has triggered substantial investment in both replenishing depleted missile and munitions stockpiles and funding next-generation systems, highlighted by the "Golden Dome" missile defense initiative. Consequently, the entire missiles and munitions value chain is set for significant growth, which creates a compelling environment for M&A activity in the sector.

01

MISSILES & MUNITIONS
REPORT 2025

Introduction

Key themes driving increased investments in the missiles and munitions sector.



Near-Peers Are Competing by Investing Heavily in Long-Range Missile Advancements

Threat environment has led the Department of War to call upon the private sector for innovative new technologies to implement its strategy

- › Near-peer competitors are advancing missile systems, hypersonic weapons, and electronic warfare capabilities, which are fostering countermeasures and modernization of U.S. missile defense systems.
- › The introduction of hypersonic weapons, loitering munitions, and advanced cruise missiles has driven the U.S. and its allies to prioritize investments in layered missile defense systems.
- › The U.S. withdrawal from the Anti-Ballistic Missile (ABM) Treaty removed restrictions on developing missile defense systems which led to Russia and China’s expansion of their nuclear arsenals.
- › The collapse of the Intermediate-Range Nuclear Forces (INF) Treaty allowed the deployment of intermediate-range missiles increasing the threat landscape and justifying advanced missile defense systems.
- › Both Russia and China view U.S. missile defense advancements as undermining their second-strike capabilities, driving them to develop more sophisticated offensive systems.

Threat	Country	Threat Environment	Weapons	ICBM Reach	Nuclear Stockpile (2023 vs 2035)	Missile & Munitions Implications
		Russia holds a large nuclear stockpile; disarmament START treaties set to expire in early 2026	<ul style="list-style-type: none"> ICBMs SLBMs ALBMs Hypersonics Tactical Nukes Cruise Missiles FOBS 		2025: ~5.5k 2035: ~5.8k	Current U.S. missiles & munitions won't be able to handle a full-scale Russian nuclear attack, but would provide defense against a limited or accidental attack
		China has a fast-growing nuclear power that is expected to double its nuclear stockpile over the next decade; becoming increasingly aggressive in doctrine	<ul style="list-style-type: none"> ICBMs SLBMs ALBMs Hypersonics Tactical Nukes Cruise Missiles FOBS 		2025: ~0.6k 2035: ~1.4k	Advanced protection would deny China a nuclear first strike on the U.S. homeland and dissuade China from a strike on Guam or Taiwan
		North Korea currently has capability to reach most of the U.S. and overwhelm GBIs; unpredictable state	<ul style="list-style-type: none"> ICBMs SLBMs ALBMs Hypersonics Tactical Nukes Cruise Missiles 		2025: ~0.1k 2035: ~0.1k	More advanced missiles and implementation of the Golden Dome would weaken the North Korean nuclear threat; often cited as a main reason to invest

Key: High Capability Mild Capability Low Capability

U.S. Strategic Response Triggering Greater Investment in Missiles and Munitions

[01]



DETER

Substantial Investment in the Nation's Strategic Supply and Industrial Base

- › Ongoing military commitments, including support for Ukraine and Israel, have severely depleted U.S. missile and munitions stockpiles, creating a significant need for replenishment in theater and re-stocking of U.S. inventories
- › Responding to these pressures, the U.S. Army is significantly boosting the production of 155mm artillery shells from around 14,000 to a target of 100,000 per month by late 2025 to sustain Ukraine's defense efforts. By comparison, Russian artillery production averages 375,000 shells per month
- › Concerned about low weapons stockpiles in the event of a conflict with a near-peer, the Pentagon is urging missile suppliers to drastically increase production rates. Top missile suppliers were summoned to a roundtable in June 2025 to kick off this effort which resulted in a 90-day sprint focused on negotiating contracts for 12 specific munitions. The effort will enable defense primes to increase manufacturing capacity by being awarded multi-year contracts

[02]



DEFEND

Golden Dome National Defense Initiative

- › Current U.S. missile systems like the Ground-Based Midcourse Defense are insufficient against large-scale saturation or advanced attacks from major adversaries such as Russia and China, highlighting the need for the investments proposed by the Golden Dome initiative
- › The Golden Dome initiative is driving substantial investments in missiles, reshaping defense spending priorities and accelerating technological advancements
- › Golden Dome will also create early warning and detection capabilities for the interception of hypersonic and ballistic missiles, including the development of new satellite constellations and missile-tracking technologies
- › The Trump administration has allocated an initial \$25B in its “One Big Beautiful Bill” toward the Golden Dome initiative and billions more are expected over the next several years

U.S. Military and Administration Leaders Are Expanding Missiles and Munitions Capacity



“President Trump and Secretary Hegseth are exploring extraordinary avenues to expand our military might and accelerate the production of munitions.”
 – Sean Parnell, Pentagon’s Chief Spokesperson

Sept '25



“The push to speed production of the critical weapons in the highest demand has played out through a series of high-level meetings between Pentagon leaders and senior representatives from several U.S. missile makers... An early request for information asked weapons makers at the June roundtable to detail how they could increase production to 2.5 times current volumes through steps taken over the following six, 18, and 24 months.”
 – Drew FitzGerald and Lara Seligman



“Deterrence requires both exquisite, high-performance weapons, and it also requires scalable and adaptable systems we can produce by the tens of thousands.”
 – Boyd Miller, Principal Deputy Director for Strategic Logistics

Aug '25



“Lockheed Martin is rapidly scaling production across key missile and launcher systems and satellite processing to strengthen U.S. and allied deterrence. With demand accelerating, we’re investing in manufacturing infrastructure, advanced automation, and supply chain resiliency to deliver more—faster.”
 – Lockheed Martin Media Relations

June '25



“United States’ support to Ukraine has degraded Russia’s military, but it has also drained our stockpiles and strained capacity across Army’s Organic Industrial Base (OIB)—comprised of 23 arsenals, depots, and ammunition plants. This strained capacity has exposed major vulnerabilities in our domestic production and supply chain of munitions.”
 – U.S. Rep Rob Wittman, Chairman of the Subcommittee on Tactical Air & Land Forces



“We're investing tens of billions of dollars in modernizing our nuclear deterrence capabilities like never before. And we've begun construction on what we call the 'Golden Dome' missile defense shield. It'll be the most sophisticated in the world.”

– President Trump, Sept '25

02

MISSILES & MUNITIONS
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Deter: U.S. Missiles and Munitions Stockpile

Strategic reprioritization leads to positive missiles and munitions sector outlook.



Strategic Reprioritization of Missiles and Munitions: Bolstering U.S. Deterrence

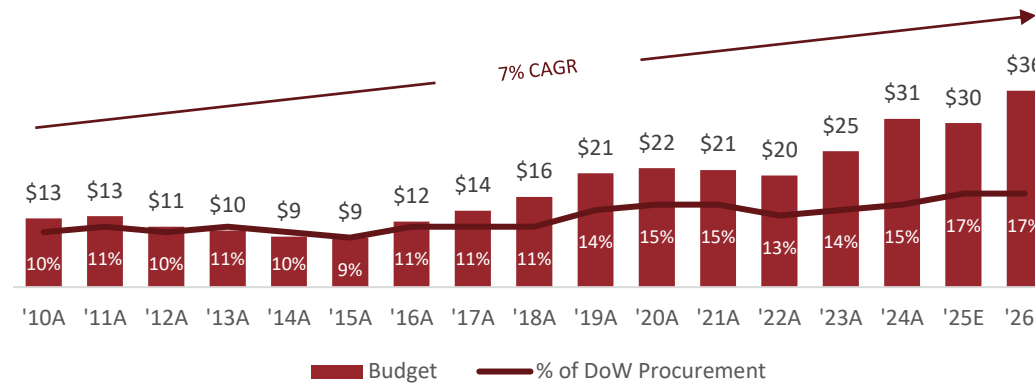
The U.S. is Prioritizing Investments in Missile & Munitions Programs...

...To Strengthen its Defensive Posture

- › The Department of War is prioritizing missiles and munitions with a specific emphasis on strategic systems like Sentinel ICBM, Standard Missile, and others
- › Missile production capacity is surging to meet global demand; Patriot missile production targeting an increase from ~740 per year to ~2,000 while the Army is quadrupling 155mm production

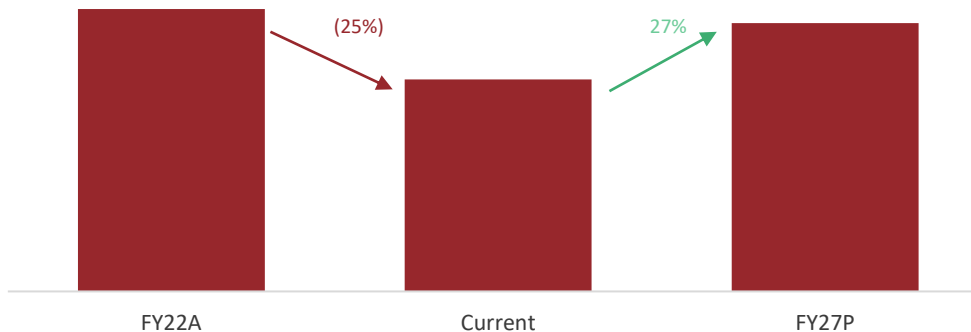
U.S. Missile & Munition Annual Budget Request (\$B)

The U.S. has consistently increased funding for missile and munition programs, and their share of the DoW procurement budget continues to expand



U.S. Missile & Munition Stockpiles

Depletion of missiles and munitions due to recent conflicts requires the U.S. to make urgent investments to scale production and reach targeted levels by 2027



- › U.S. stockpiles are down an estimated 20-25% from Ukraine and Israel aid and Red Sea operations against the Houthis
- › U.S. depleted over 25% of its THAAD interceptors in the Israel-Iran conflict, causing it to pause all Ukraine-related shipments to protect its own reserves; other missiles expected to have experienced similar depletion

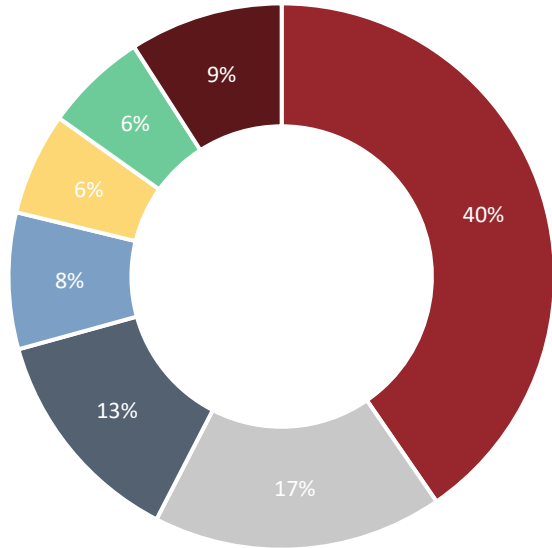


- › Rebuilding missile and munitions stockpiles re-establishes near-peer competitor deterrence and supports the United States' strategy to combat China's anti-access / area denial tactics in the South China Sea
- › Adversaries are increasingly aware that U.S. munition stockpiles and the agility of its defense industrial base are glaring vulnerabilities. Investing in surge production capacity is now seen as a direct and important element of deterrence
- › Reprioritizing missile defense enhances "deterrence by denial" by making it harder for an adversary to succeed

Global Missiles Sector Outlook: \$29B Market on Track for \$43B by 2030

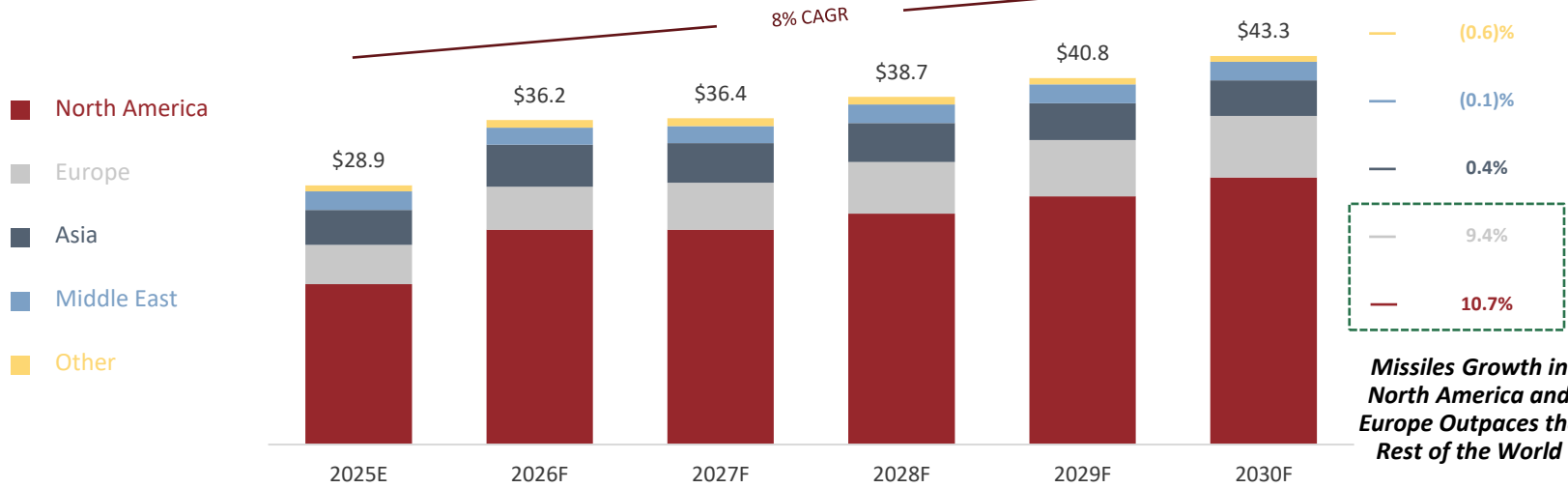
2025E Market Snapshot - \$28.9B






U.S. & Allied Annual Spend Projections (\$B)



- Surface-to-Air ■ Cruise ■ Strategic
- Hypersonic ■ Anti-Tank ■ Air-to-Air
- Other

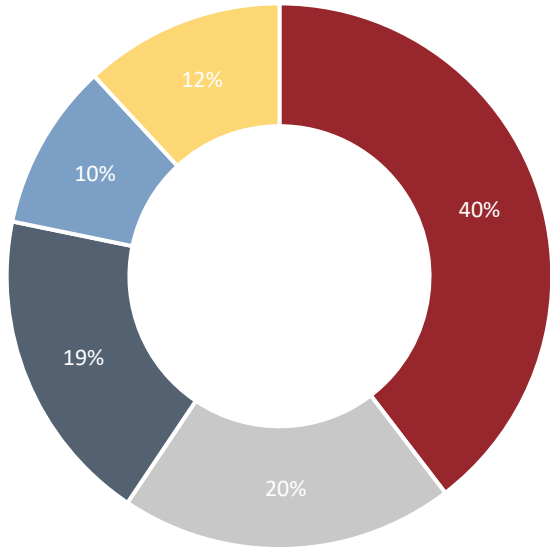
- > **Regional Shifts:** Asia-Pacific and Middle East surge in missile investments, driven by existing threats, while Europe bolsters NATO defenses and North America focuses on advanced hypersonics systems
- > **Missile Type Trends:** Hypersonics lead innovation for speed, SAMs anchor air defense growth, and cruise missiles evolve for more precise strikes, with AI and mobility shaping next-generation capabilities



- 
Escalating Geopolitical Tensions
 Nations are ramping up missile procurement amid rising conflicts in Ukraine, Middle East, and Indo-Pacific to counter threats and deter adversaries
- 
Increasing Global Defense Budgets
 Missile growth underpinned by worldwide military expenditures hitting over \$2.3 trillion in 2024 and continuing to grow at ~8% per year
- 
Rapid Technological Acceleration
 Breakthroughs in hypersonics, AI guidance, and precision tech by private firms have spurred investments enabling faster and smarter modern systems
- 
Partnerships Boosting Production Levels
 Increased collaboration between governments and defense OEMs has streamlined supply chains to scale missile output to meet surging global demand
- 
Anti-Access / Area Denial Strategies
 China's shift to A2 / AD strategies, particularly in the South China Sea, has accelerated the need for additional U.S. investment in capable missile systems

Global Munitions Sector Outlook: Stockpile Replenishment to Sustain Readiness

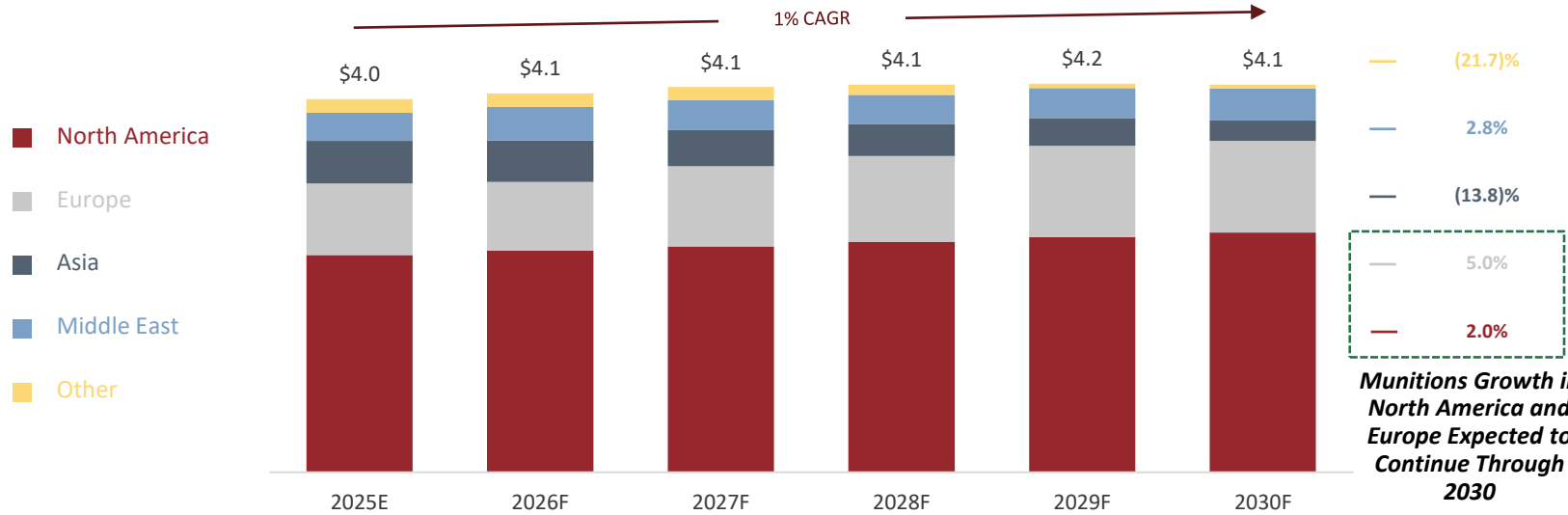
2025E Market Snapshot - \$4.0B



- Guided Artillery
- Surface-to-Surface
- Torpedo
- Guided Bomb
- Other

- > **Strategic Shifts:** Replenishment for Ukraine aid, tech integration, and multi-domain adaptability drives investments within munitions
- > **Munitions Type Trends:** Guided artillery and bombs prioritizing precision strikes; surface-to-surface systems gaining modularity; naval torpedoes evolving for drone defense with AI and lightweight designs

U.S. & Allied Annual Spend Projections (\$B)



Stockpile Replenishment

Post-conflict depletions prompt substantial investments in munitions such as artillery to meet sustained defense needs in volatile global regions



Military Modernization Initiative

Leading militaries are undergoing modernization programs that prioritize the development and integration of surface-to-surface missile systems and guided bombs to enhance battlefield performance



Asymmetric Warfare Needs

Rising demand for precision munitions to counter non-state actors and hybrid threats is driving investment in versatile, cost-effective guided munitions systems



Supply Chain Optimization

Streamlined global supply chains and allied co-production initiatives, informed by lessons learned from the conflict in Ukraine, have attracted significant sector investment



Precision Tech Advances Drive Munitions

Innovations in AI-driven munitions guidance, laser targeting, and smart fuses have spurred investments aimed at modernizing high-accuracy munitions

03

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Defend: Golden Dome Initiative









The Golden Dome initiative explained.



Golden Dome Overview

- › The Golden Dome is a U.S. missile defense initiative envisioned as a multi-layer defense system to protect the U.S. from advanced missile threats such as ballistic, hypersonic, and cruise missiles
- › The system will incorporate a constellation of layered satellites to track enemy strike assets and active projectiles along with identifying launches. It will provide targeting data to a network of space-based kinetic interceptors or directed energy weapons, and interface with ground and sea-based interceptor systems
- › This missile defense system was officially introduced on January 27, 2025, through an executive order signed by President Trump and was later elaborated on in a public announcement on May 20, 2025, where the system's architecture and goals were outlined
- › Golden Dome system was prioritized by the current administration as the U.S. has recently faced increasingly sophisticated missile threats from adversaries like Russia, China, and North Korea
- › Golden Dome systems serve as a “next-generation” approach to homeland defense and provides capabilities to counter hypersonic weapons and other emerging technologies that could potentially expose current systems

The Golden Dome initiative is expected to materially increase demand for numerous technologies with notable increases to a range of missile programs

Missiles					Sensors & Launch Software / Services		
							
Conventional ICBMs	Submarine Launched Ballistic Missile	Aeroballistic Missile	Hypersonic Cruise Missile	Space-based Interceptors	Satellite Buses	Sensor Communications	Command & Battle Software
Long-range, nuclear-capable missiles that deliver warheads via multi-stage ballistic trajectories for strategic deterrence	Ballistic missiles fired from ballistic-missile submarines, providing second-strike deterrence	Air-launched ballistic missiles that follow a high-speed, lofted ballistic / semiballistic path after release	Sustain high speeds in the atmosphere enabling a long-range and hard-to-intercept strike	Serve as the first line of defense capable of destroying enemy missiles shortly after launch or as they travel in space	Supplies power, thermal management, propulsion, attitude / orbit control, data handling, and communications	Create a persistent, wide-area detection and tracking layer for Golden Dome cueing threats beyond sight	Brain of the project ingesting sensor data, prioritizing threats, and orchestrating shooters

Golden Dome's Space- and Ground-Based Interceptors Depend on Four Missile Defense Systems

Select Missile Programs



THAAD: Mobile Land-Based Defense



- › Increased funding from \$458M in 2024 to \$1.525B in 2026
- › Played a large role in the defense of Israel against Iranian ballistic missiles in June of 2025; ~92 used out of a supply of ~632 THAAD Interceptors



Standard Missile 3 / Standard Missile 6



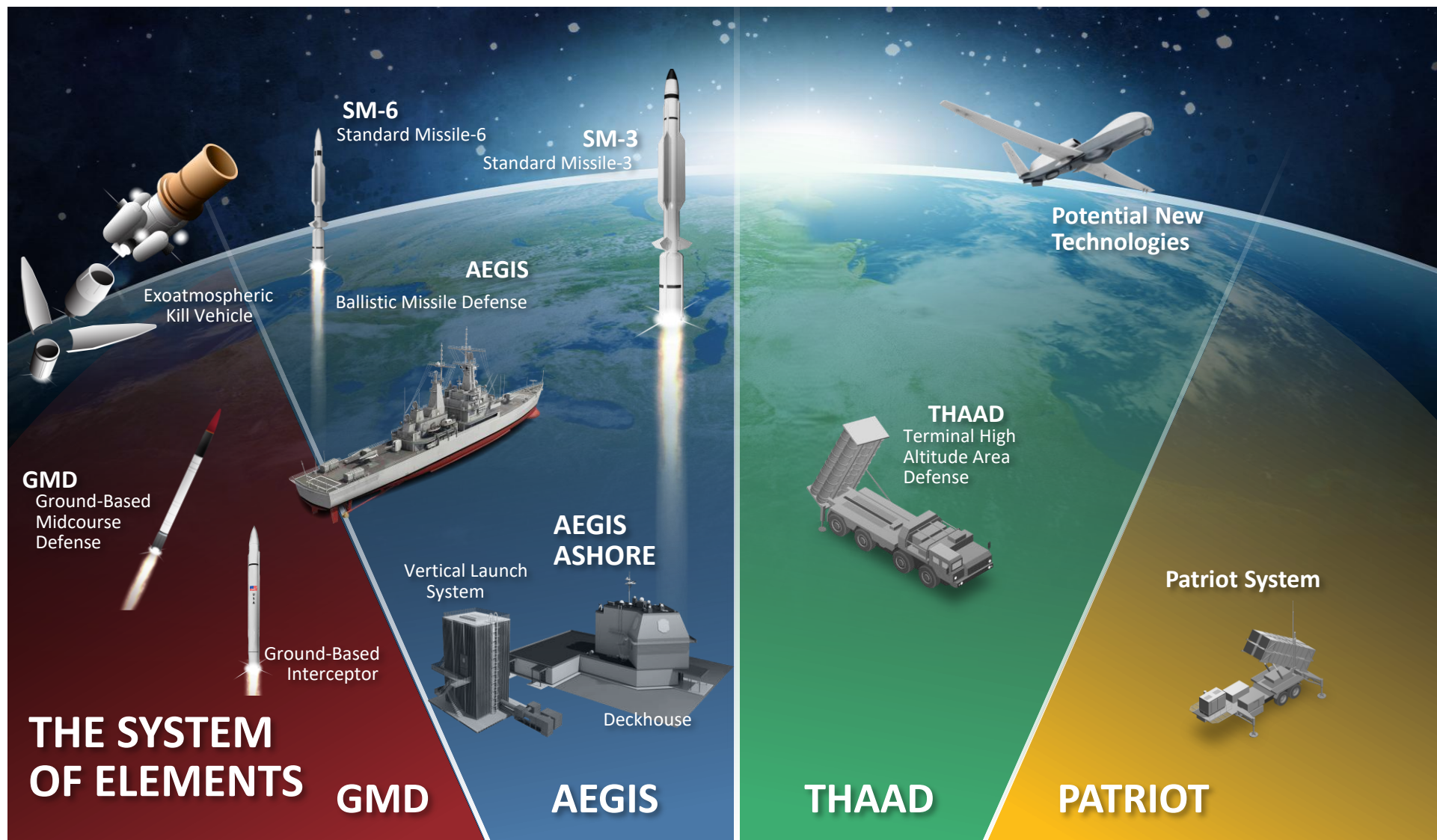
- › Funding for the SM-3 / SM-6 AEGIS firing system is up to \$1.802B in 2026
- › 20+ SM-3 missiles used against Houthi rebels since 2023; several SM-3s proved viable in 2024 by intercepting Iranian ballistic missiles targeted at Israel
- › Navy used an additional 80 SM-6 missiles over a 15-month campaign in the Red Sea



Ground-Based Midcourse Defense



- › GMD funding up in 2026 to \$2.502B
- › NGI, which is still in development, has a multi-kill capability in a single interceptor—integral to Golden Dome defense



Golden Dome Timeline



President Trump signed an **executive order** initiating the Golden Dome project calling for a next-generation missile defense shield to protect the U.S.



Five democrats from the House Armed Services Committee **broke party lines** in a vote to support an increase in defense spending



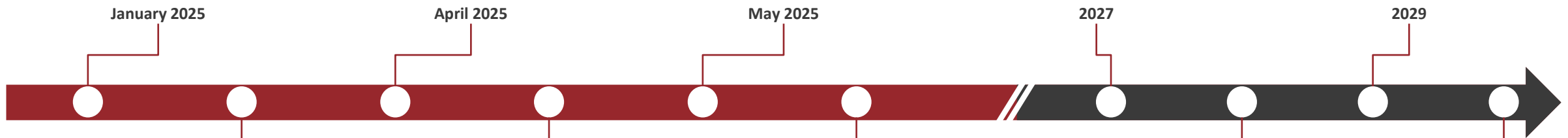
The \$150B “One Big Beautiful Bill” is signed including **\$25B of initial funding** for the Golden Dome defense system targeted at air and missile defense systems



Pentagon plans to **launch its first Discriminating Space Sensor (DSS)**, a next-generation satellite system developed by the MDA to enhance ability to track hypersonic and advanced ballistic missiles



Golden Dome missile defense system becomes **partially operational** with live space sensors and data integration, aiding tracking for existing non-space-based kinetic interceptors



January 2025

April 2025

May 2025

2027

2029

March 2025

May 2025

July 2025

2028

2030

President Trump formally announces the **Golden Dome plan to Congress**. The Department of War submitted reference architecture and an implementation plan

A **\$175B design is selected** for Golden Dome and Space Force General Michael Guetlein is appointed program manager

Northrop Grumman begins the initial ground **testing of space-based interceptors**, making progress toward space layer boost phase interceptors

Projected **initial demonstration** for the integrated system of space sensors, command and control networks, and sea and land-based interceptors. Space-based interceptors will be later integrated

Expanded sensor constellation through deployment of additional satellites in the orbital architecture



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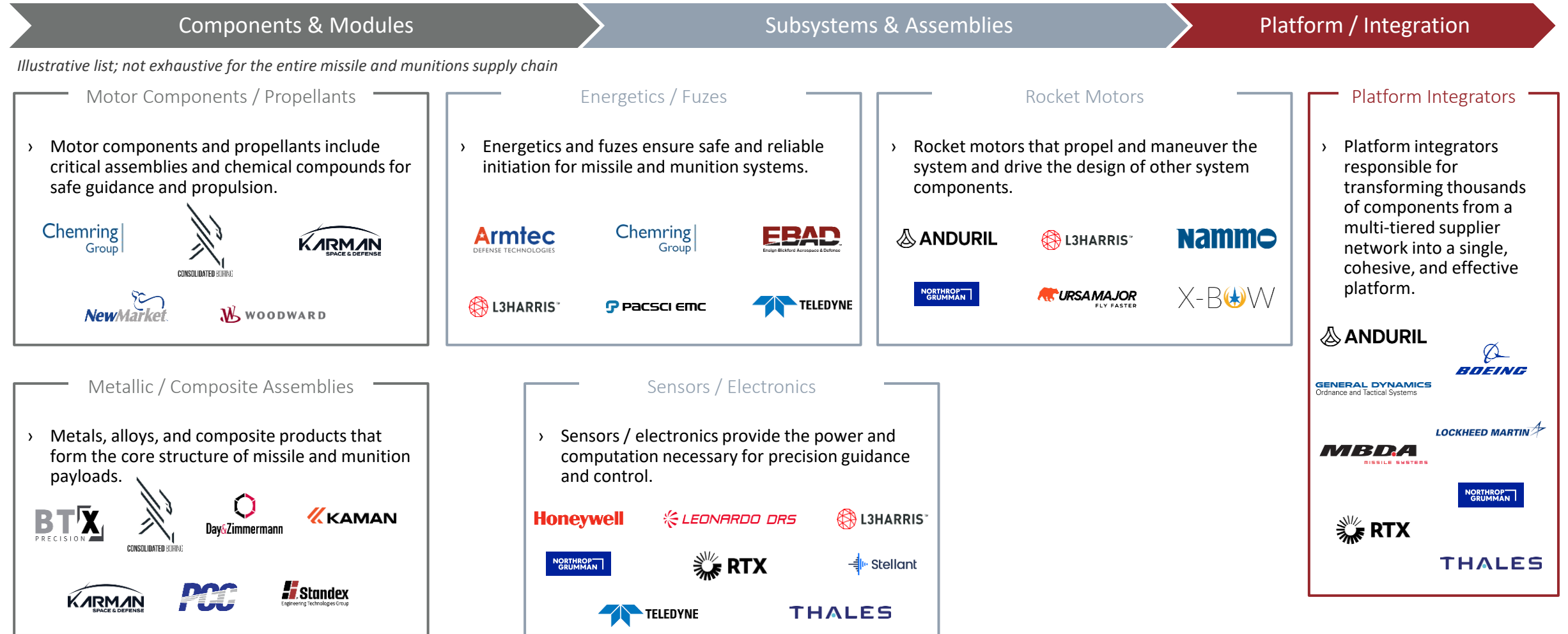
Value Chain And M&A Targets

Missiles and munitions value chain and potential investment opportunities.



Missile and Munitions Can Expand Up and Down the Value Chain

Rising missile and munitions demand extends across the full value chain stack with each layer requiring capacity expansion, supply-chain hardening, and upgrades to meet volume and capability requirements for platform integrators that possess vertically integrated capabilities across the value chain



To view full M&A pipeline, please contact:
ADGInsights@harriswilliams.com

Potential Missile and Munitions M&A Opportunities



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