

Defense News Top-100

Observations and Commentary



Delivered by Steven Grundman, Principal
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Observations

The Defense News Top 100 Global Defense Companies resonate the key trends in US defense policy

- DoD budget outlook
 - A “long bottom”
 - Further risk to investment accounts
- DoD strategic priorities
 - Better Buying Power
 - Defense Innovation Initiative
- DoD industrial policy
 - M&A
 - Independent research & development

The Long Bottom

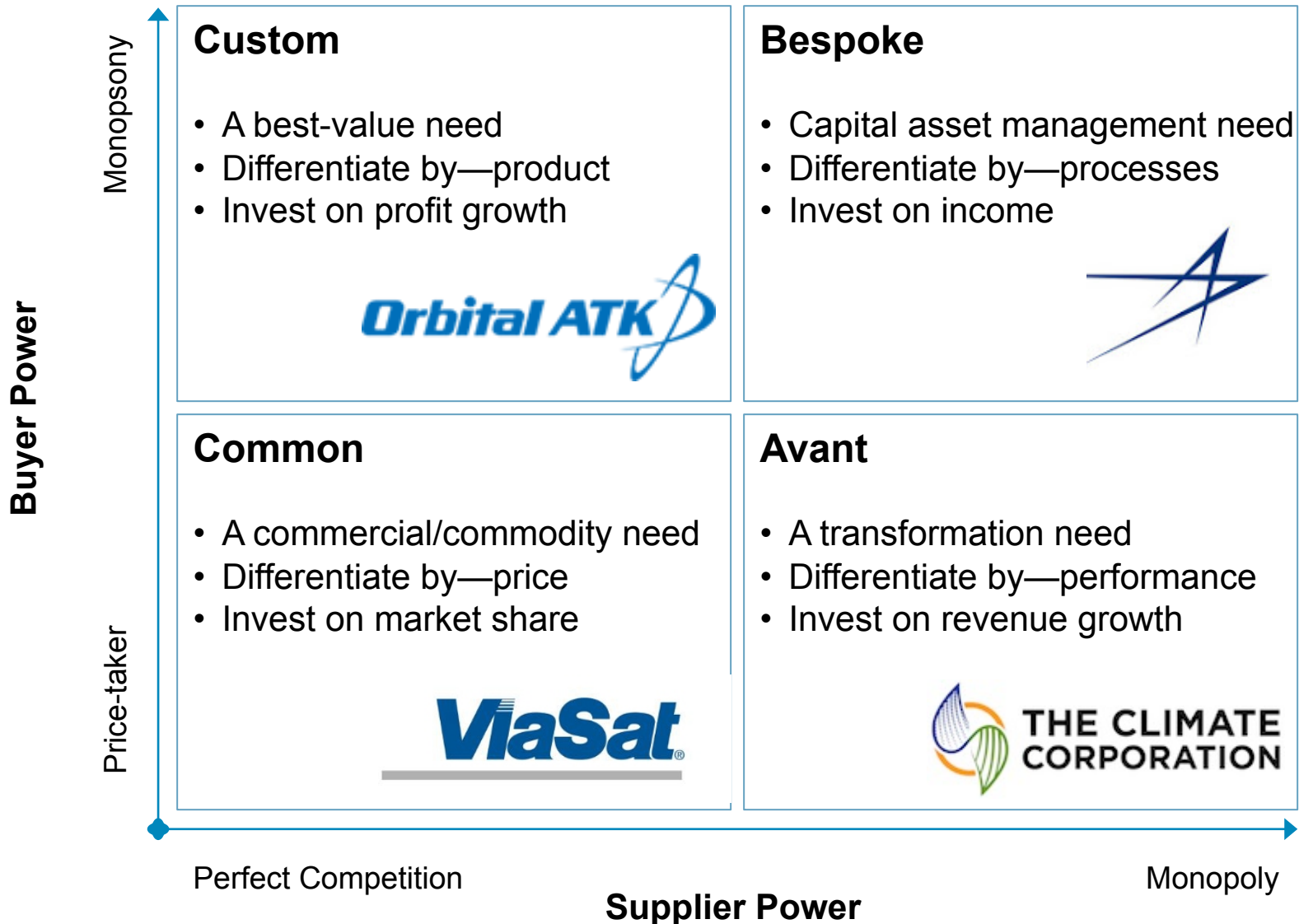
Table 6-8: DEPARTMENT OF DEFENSE BUDGET AUTHORITY BY PUBLIC LAW TITLE (Continued)

(Dollars in Millions)

Public Law Title	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Current Dollars							
Military Personnel	150,186	146,191	144,307	144,815	146,133	148,490	151,706
Operation and Maintenance	262,453	247,517	210,633	217,144	223,276	227,351	231,577
Procurement	100,405	102,648	107,735	112,223	115,894	117,695	119,227
RDT&E	63,483	65,184	69,785	71,964	70,120	70,380	67,830
Military Construction	8,392	5,652	7,024	7,260	7,398	6,753	6,100
Family Housing	1,417	1,140	1,413	1,596	1,394	1,587	1,580
Revolving and Management Funds	11,290	2,226	1,814	617	588	593	614
Trust, Receipts, and Other	-1,886	-1,290	-1,392	-1,013	-1,044	-992	-1,053
Total Current Dollars	595,740	569,268	541,318	554,605	563,760	571,857	577,582
FY 2016 Constant Dollars							
Military Personnel	154,247	148,330	144,307	142,564	141,387	141,151	141,501
Operation and Maintenance	270,361	250,998	210,633	213,396	215,132	214,645	214,093
Procurement	103,966	104,524	107,735	110,103	111,499	111,010	110,250
RDT&E	65,499	66,271	69,785	70,688	67,600	66,562	62,923
Military Construction	8,693	5,755	7,024	7,123	7,120	6,375	5,648
Family Housing	1,460	1,155	1,413	1,567	1,344	1,500	1,464
Revolving and Management Funds	11,640	2,263	1,814	606	566	560	568
Trust, Receipts, and Other	-1,943	-1,310	-1,392	-996	-1,007	-938	-976
Total Constant Dollars	613,921	577,986	541,318	545,050	543,642	540,863	535,471
Percent Real Growth (%)							
Military Personnel	-3.5	-3.8	-2.7	-1.2	-0.8	-0.2	0.2
Operation and Maintenance	0.5	-7.2	-16.1	1.3	0.8	-0.2	-0.3
Procurement	1.1	0.5	3.1	2.2	1.3	-0.4	-0.7
RDT&E	-1.2	1.2	5.3	1.3	-4.4	-1.5	-5.5
Military Construction	2.4	-33.8	22.1	1.4	0.0	-10.5	-11.4
Total Real Growth	0.5	-5.9	-6.3	0.7	-0.3	-0.5	-1.0

NOTE: All enacted war and supplemental funding is included.

Four Defense Markets



Platforms Rule

PB 2016 Significant Modernization Programs

- 57 Joint Strike Fighters (\$10.6 billion)
- 16 P-8 aircraft (\$3.4 billion)
- 5 E-2D aircraft (\$1.3 billion)
- KC-46 tanker (\$3.0 billion) and Long Range Strike development (\$1.2 billion)
- 9 ships (\$11.6 billion)
- George Washington (CVN) overhaul (\$678 million)
- Ohio replacement strategic submarine development (\$1.4 billion)
- Littoral Combat Ship capabilities improvements (\$55 million)
- Cyber capabilities enhancements (\$5.5 billion)
- Ground Based Interceptor reliability (\$1.6 billion)
- Army helicopter modernization (e.g., Light Utility Helicopter) (\$4.5 billion)
- Reaper (MQ-9) procurement (\$821 million)



Steven Grundman

Principal

Grundman Advisory

+1 (857) 222-3347

steve@grundmanadvisory.com