Rolls-Royce, Safran, and Airbus at the centre of Europe’s defence tech future

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Key Takeaways

- Europe’s rearmament is increasingly about bottlenecks (power, resilient sensing/navigation, integration), not just bigger platform orders.
- Rolls-Royce and Safran sit where modern warfare pressure is highest: electrical power/thermal demands and Global Navigation Satellite System.
- Airbus is levered to the shift toward networked, multi-domain capability ecosystems that drive follow-on upgrades.

Europe's rearmament is shifting from platforms to enabler

The European ‘rearmament cycle’ is not simply about buying more of yesterday’s platforms. Europe’s real constraint and real investment signal is where new capability gets built: propulsion and power, resilient sensing and navigation, and networked systems that connect everything from crewed aircraft to uncrewed swarms and satellites. Rolls-Royce, Safran, and Airbus each map into those bottlenecks. And bottlenecks, in defence, tend to be where budgets become durable.

So why focus on these three? Because they represent the parts of the European defence stack where technology is moving fastest and where ‘future capability’ is likely to be funded first.

This mix matters. Joint procurement and ‘European preference’ mechanisms (even if imperfect) tend to favour large integrators and suppliers embedded in multi-nation programmes. That’s Airbus. It tends to favour sovereign propulsion and power. That’s Rolls-Royce (and, in a different lane, Safran). And it tends to favour resilient sensing and navigation. That’s Safran.

Three choke points in future European defence

Rolls-Royce is often treated as ‘an engine company,’ but in European defence it’s better understood as a sovereign power provider across domains: submarines, combat air, and the enabling infrastructure that sustains both.

On the naval side, Rolls Royce signed an 8-year 'Unity' contract with the UK Ministry of Defence covering research and technology, design, manufacture, and in service support for the nuclear reactors that power the Royal Navy's submarine fleet, worth about £9bn1 That is not a one-off order. It's a long duration industrial framework. In defence terms, that's 'visibility,' and in technology terms, it means ongoing investment in advanced nuclear engineering, safety, materials, and production throughput.

On the air side, Rolls Royce's relevance isn't just legacy platforms, it's the 'power and thermal' requirements of what comes next. The Eurofighter Typhoon's EJ200 engine is a consortium product where Rolls-Royce is a key partner, and the company emphasises integrated digital control and lifecycle support, exactly the kind of sustainment flywheel that keeps margins resilient even when new-build cycles wane.

Choke point 1: Rolls-Royce as Europe's sovereign power provider

Rolls-Royce is a propulsion partner in the Global Combat Air Programme (GCAP), working with IHI and Avio Aero on a next generation power and propulsion system, explicitly calling out higher aircraft electrical power loads and advanced materials/manufacturing techniques. That last part is critical. Sixth generation air systems are not simply faster jets. They're flying power stations supporting sensors, electronic warfare, and secure networking. Rolls-Royce sits directly in that problem set.

When it comes to Rolls-Royce, it is worth watching the trajectory of advanced materials, digitally engineered design-to-production, and integrated power generation, not as buzzwords, but as requirements for next-generation aircraft and submarine programs.

Choke point 2: Safran and the race for resilient navigation and sensing

Then comes Safran. Safran is a clear 'new-tech lever' at the intersection of precision navigation, timing, and modern optronics, areas where the nature of conflict is forcing rapid upgrades.

Safran is unusually direct about the operational environment: it frames inertial navigation plus secure timing as critical for integrity-checking satellite signals and protecting vital communications. Jamming and spoofing are no longer edge cases; they are baseline assumptions for peer conflict. The implication is that inertial and resilient timing migrate from 'nice-to-have' to 'procurement must-have.' In a world where Europe is trying to reduce dependency and improve sovereign capability, those statements translate into strategic relevance.

Where the future gets particularly interesting is uncrewed systems. The throughline here is simple: sensors are becoming software-defined, and the value is increasingly in detection, classification, and decision support. These capabilities reward companies that can fuse optics, electronics, stabilisation, and onboard processing. Safran sits in a unique position between resilience and sensing. They scale across platforms, manned aircraft, uncrewed aircraft, land vehicles, naval systems, so they're less hostage to any single program and 'one big aircraft.'

Choke point 3: Airbus as the systems integrator for multi-domain Europe

If Rolls-Royce is about power and Safran is about resilience, Airbus is about integration, building the ‘system of systems’ architecture Europe increasingly wants.

Airbus presents its defence portfolio as spanning Eurofighter, A400M, A330 MRTT, and unmanned systems like Eurodrone, while emphasising interoperability across land, air, sea, space, and cyber domains. That matters. Europe isn’t just buying platforms. It’s trying to build the connective tissue.

This is where the technology outlook becomes less speculative and more structural:

- **Networked combat** turns secure communications, data links, encryption, and cloud architecture into prime budget items.
- **Manned-unmanned** teaming turns autonomy and mission-system integration into a persistent research and development spend category.
- **Multi-domain operations** pull military space and satellite communications into the ‘critical path,’ not as an add-on.

Eurodrone is the near-term manifestation of that direction. Airbus describes it as Europe’s sovereign remotely piloted aircraft capability. Whether one is bullish or sceptical on any single drone program, the strategic message is clear: Europe is trying to internalise intelligence, surveillance and reconnaissance (ISR) and uncrewed capability rather than rent it.

Airbus is levered to the shift from ‘platform procurement’ to ‘capability ecosystems.’ That’s stickier, more software-heavy, and likely to generate follow-on upgrade cycles, if Europe can execute and avoid multi-year program slippage.

Where Europe’s defence tech spending clusters next

Theme 1: Power, thermal management and advanced propulsion. Zooming out, Europe’s next decade of defence tech investment clusters around five themes:

Electrical power, thermal management, and advanced propulsion

Next-gen sensors and electronic warfare require power; power creates heat; heat kills performance. Rolls-Royce is explicitly designing systems.

Resilient navigation and timing

Safran frames this directly and positions its solutions for precisely that environment.

Combat cloud, secure connectivity, and manned-unmanned teaming

Airbus is explicitly building toward a combat cloud architecture and remote carriers under FCAS2

Three pillars, one direction: Power, data and resilience

This is why these three names matter inside a basket like WDEF: they're not 'one product bets.' They are enabling-layer companies: power, sensing, integration, that tend to be funded repeatedly as doctrines evolve.

The WisdomTree Europe Defence UCITS ETF (**WDEF**) is a portfolio expression of a European rearmament that targets defence revenue exposure and weights accordingly. Within that lens, Rolls-Royce, Safran, and Airbus map to three of the most durable pillars of the next decade of European defence modernisation:

- **Rolls-Royce:** sovereign power; nuclear propulsion, combat-air propulsion, and next-gen electrical power demands.
- **Safran:** resilient navigation/timing and optronics; capabilities that scale across platforms and become essential in GNSS-denied conflict.
- **Airbus:** systems integration; combat cloud, uncrewed teaming, and military space/connectivity as the connective tissue of modern defence.

Europe's defence future is increasingly a contest over power, data, and resilience.

1 Rolls-Royce as of 24 January 2025.

2 The Future Combat Air System.

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