

From Gripens to Goshawks: The drone-driven reinvention of European defence

Publié le 23 juillet 2025

Samuel Rines

Macro Strategist, Model Portfolios

Aneeka Gupta

Director, Macroeconomic Research, WisdomTree Europe

Points clés

- Drone tech meets geopolitics: Unmanned aerial vehicles (UAVs) have moved to the forefront of Europe's defence agenda, with European nations seeking indigenous drone capabilities.
- Saab's autonomy advantage: Sweden's Saab AB – now in NATO's fold – is leveraging its tech heritage to pioneer autonomous drone systems. From software that controls 100-drone swarms to development of a "loyal wingman" unmanned combat aircraft.
- Leonardo's expanding arsenal: Italy's Leonardo S.p.A. is taking a broad approach – building new UAV platforms and partnering 50/50 with Turkey's Baykar to create a Europe-based drone powerhouse, LBA Systems.

Drones and deterrence

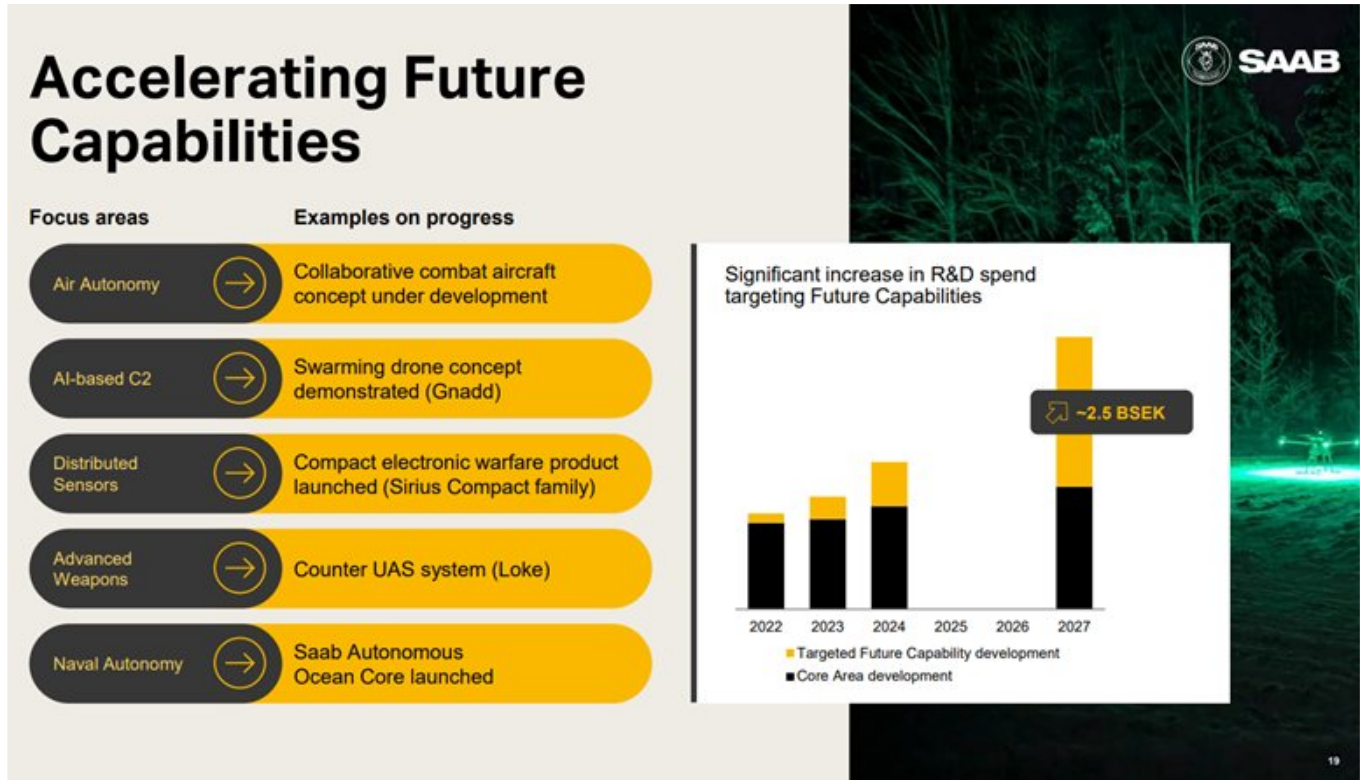
Drones have proven their worth from Ukraine to the Middle East, where coordinated UAV swarms have emerged. Small, intelligent flying machines can spot targets, overwhelm defences, and link seamlessly with ground and air units – capabilities once confined to superpower arsenals. For Europe, which watched improvised drone tactics halt armour advances in Ukraine, investing in indigenous Unmanned Aerial Vehicles (UAV) technology is not optional; it's imperative and comparatively cheap. Against this backdrop, two companies – Saab and Leonardo – stand out as champions of Europe's drone evolution, each in their own style.

Saab swarming ahead

Saab AB has long been synonymous with Swedish high-tech defence – from Gripen fighter jets to sophisticated radars. Now it's bringing that pedigree to unmanned systems. Rather than churn out large numbers of small drones, Saab's approach is to make drones smarter, more autonomous, and better integrated. A recent milestone underscores this: in early 2025, the Swedish Armed Forces unveiled a Saab-developed drone swarm program enabling one operator to control up to 100 UAVs simultaneously.

In trials scheduled during Arctic exercises, these swarms are expected to autonomously adapt to missions ranging from reconnaissance to payload delivery in complex environments.

Figure 1: Saab's R&D surge: Investing in next-gen defence capabilities



Source: Saab Capital Markets Presentation as of 28 May 2025. Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.

Leonardo: Forging the future with partnerships and firepower

In the sunny Italian skies, Leonardo S.p.A. is taking a more expansive route to drone dominance, leveraging its broad product portfolio and pan-European ties. As one of Europe’s largest aerospace and defence firms, Leonardo has its hands in everything from helicopters to cyber security. When it comes to UAVs, that means both developing drones in-house and teaming up with partners to fill capability gaps quickly. This twin-track strategy is evident in two major moves: Leonardo’s new Falco Astore armed drone launch, and a landmark joint venture with Turkey’s famed drone maker Baykar.


First, the home-grown effort. The Astore (Italian for “goshawk”) is Leonardo’s latest medium-altitude long-endurance (MALE) UAV – essentially a beefed-up, weaponised iteration of its earlier Falco EVO. With a 650 kg maximum take-off weight, 16-hour endurance, and newly added underwing pylons, the Astore can carry around 70 kg of cargo. The Astore gives Italy a measure of self-reliance in unmanned strike capability. It shows how European states are looking to their domestic industry to increase readiness now, rather than waiting years for pan-European projects. It’s a gentle reminder that Europe’s quest for strategic autonomy extends to having home-grown “eyes in the sky”. Leonardo’s Falco line, which started

as unarmed surveillance drones, has now evolved into a combat UAS – a narrative of adaptation that mirrors Europe’s shift from peacekeeping posture to defence.

Figure 2: Leonardo–Baykar joint venture to advance European UAV capabilities

PAVE THE WAY
Space Division
UAV
MBT/AICS
GCAP
LHyC LoB


3.2 JV with Baykar for advanced UAV solutions



Baykar is a world leader
in UAV segment

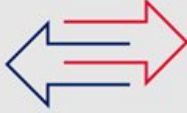
~ \$ 2 B Rev. '24
700+ UAVs delivered


1. Crewed-UnCrewed Teaming




- Cutting-edge electronics systems
- Integration of payloads and effectors
- Swarming / CUC-T¹ capability
- Strong capabilities in EU approval and certification

MoU signed on March 6th





- Design and development of advanced UAV platforms
- Extensive portfolio covering all relevant UAV segments
- Advanced and efficient manufacturing processes and capabilities



Joint solutions combining the best of
both companies' capabilities

17

Source: Leonardo SpA Industrial Plan Update.

A new era of European defence: Narrative and numbers alike

It is often said that necessity breeds innovation. Europe’s present necessity – to bolster its defence amid war on its doorstep – is breeding a new wave of drone innovation, with Saab and Leonardo at the vanguard. These two firms offer a fascinating contrast in a complementary approach. Saab, hailing from a non-aligned-now-NATO nation of modest size, plays to its strengths by making systems smarter rather than larger. Its narrative is one of qualitative edge: a swarm that can re-route itself, a drone that can think like a pilot’s teammate, a network of sensors that can confound a much bigger foe. Leonardo, by contrast, comes from one of Europe’s big defence spenders and embraces a scale and scope strategy: covering every market segment through a mix of indigenous development and strategic partnerships, ensuring that Europe has ready access to the full spectrum of unmanned tech.

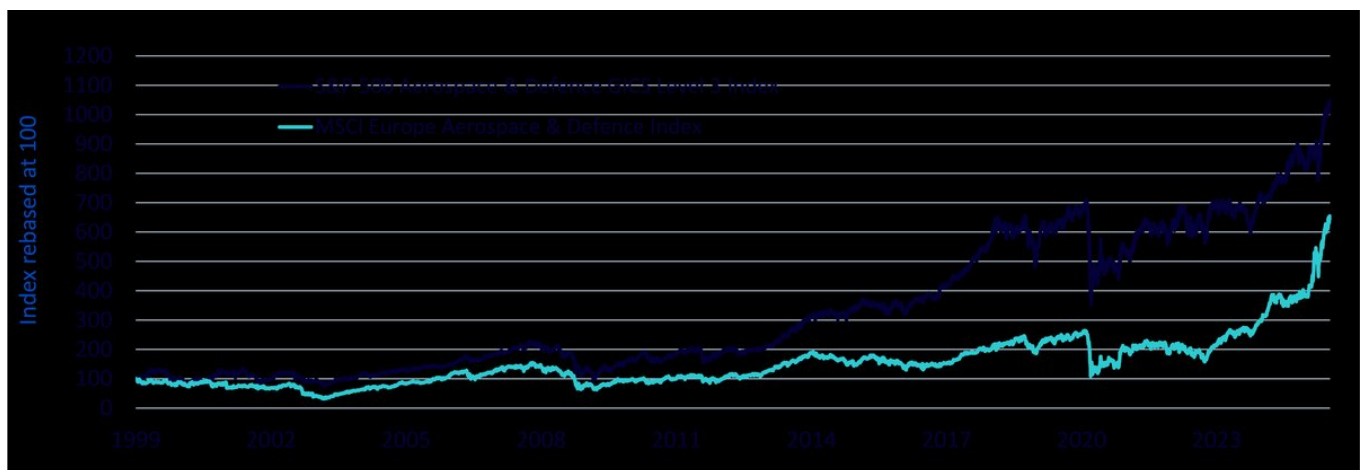
From a geopolitical perspective, these advancements feed into Europe's broader strategic autonomy. Drones are eyes and ears, but they are also increasingly shields and spears. A Europe equipped with its own high-end drones can better monitor its borders, deter aggression, and operate independently when needed.

A few years ago, European defence firms were often seen as stodgy value plays reliant on slow procurement cycles. That is no longer the narrative. Now, it is one of urgency, growth, and technological leapfrogging. Drones are a critical part of the story of European defence. In a world of growing complexity, Europe's defence industry is not just responding to change, helping drive it, one drone at a time.

Closing the gap

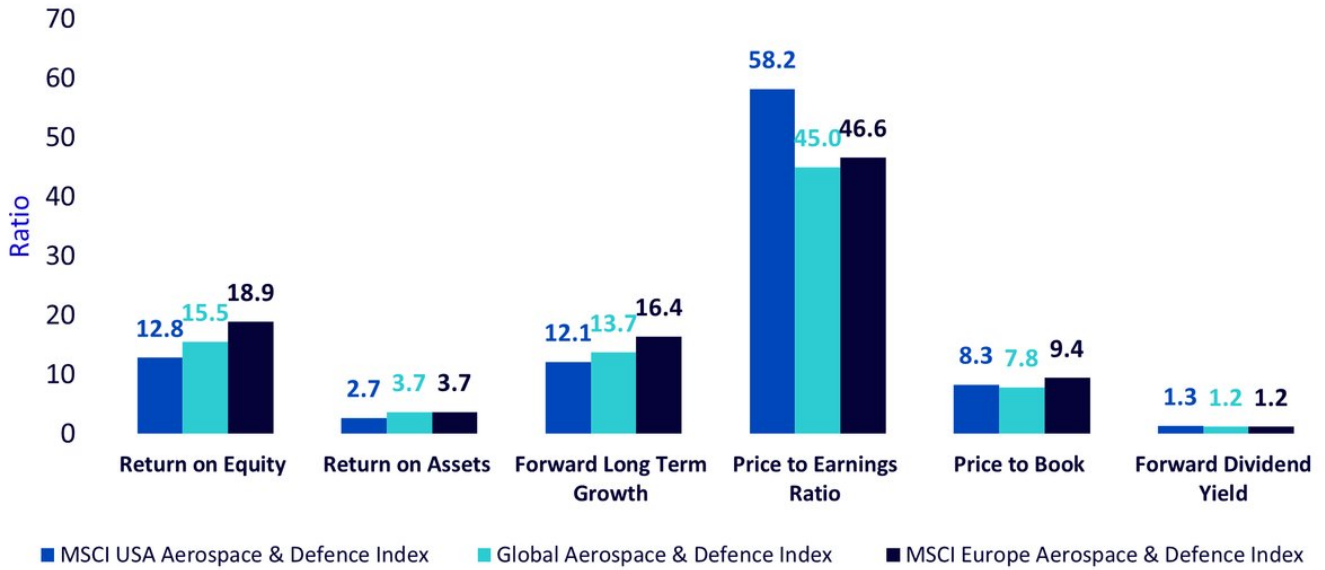
Investors have become nervous amidst the recent strong run of European defence stocks but it's worth noting they still trail their US counterparts, a trend that has persisted since 1999. Historical performance shows plenty of room for European defence stocks to catch up to their US counterparts.

Figure 3: Historical performance US versus Europe aerospace & defence indices



While European defence firms have seen record-high order books, multi-year government spending commitments, and growing market share, their valuation multiples remain lower than those in the US. Compared to US aerospace and defence stocks, which trade at higher historical price to earnings (P/E) ratios (at 58.2x), European aerospace and defence stocks (at 46.6x) still trade at lower price-to-earnings multiples and offer comparatively higher-quality metrics such as Return on Equity and Return on Assets, as illustrated below.

Figure 4: Comparison of fundamentals



Source: Bloomberg, WisdomTree as of 10 July 2025. Historical performance is not an indication of future performance and any investments may go down in value

A few years ago, European defence firms were often seen as stodgy value plays, reliant on slow procurement cycles. That is no longer the narrative. Now it is one of urgency, growth, and technological leapfrogging. Drones are a critical part of the story of European defence. In a world of growing complexity, Europe’s defence industry is not just responding to change – it’s helping drive it, one drone at a time.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area (“EEA”): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland. **Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority. WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request. This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment. An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks. The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes. This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or

guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents. This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements. WisdomTree Issuer ICAV The products discussed in this document are issued by WisdomTree Issuer ICAV ("WT Issuer"). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland ("CBI"). WT Issuer is organised as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the laws of Ireland and shall issue a separate class of shares ("Shares") representing each fund.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer ("WT Prospectus"). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the [relevant EEA Member State](#). [Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares. The summary of investor rights associated with an investment in the fund is available in English on WisdomTree Europe¼s website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.](#) Product Comparison This document contains a comparison of financial products contained within the relevant prospectus and/or based on publicly available information, some of which has been prepared by third parties. While such sources are believed to be accurate as at their date of publication, WisdomTree does not warrant, guarantee or otherwise confirm the accuracy or correctness of any information contained herein and any information or opinions related to the products detailed herein may change over time. Any third parties used to source the information in this document make no warranties or claims of any kind relating to such data. Investors should read the prospectus and other applicable offering documents for each product and consider the investment objectives, risks, charges and expenses carefully before investing. Notice to Investors in Switzerland – Qualified Investors This document constitutes an advertisement of the financial product(s) mentioned herein. The prospectus and the key investor information documents (KIID) are available from WisdomTree¼s website <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports> Some of the sub-funds referred to in this document may not have been registered with the Swiss Financial Market Supervisory Authority

(“FINMA”). In Switzerland, such sub-funds that have not been registered with FINMA shall be distributed exclusively to qualified investors, as defined in the Swiss Federal Act on Collective Investment Schemes or its implementing ordinance (each, as amended from time to time). The representative and paying agent of the sub-funds in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent. For Investors in France: The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto. **For Investors in Malta:** This document does not constitute or form part of any offer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority. **For Investors in Monaco:** This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.