

[REDACTED]
Director of Procurement, DMO
Utrecht – Kromhoutkazerne
Herculeslaan 1

Madrid, December 20th, 2019

Your reference: [REDACTED]

Subject: B-Letter on the continuation of the Netherlands project Future Submarine Capability

Dear [REDACTED]

We received your letter from December 13, 2019 and also took note of the Parliamentary Letter of the same date.

The main ground as mentioned in these documents for excluding Navantia is the degree of adaptability of the Military Off The Shelf concept within the desired timeline. Secondly doubt is raised regarding eventual international cooperation.

Navantia strongly objects against both these grounds and therefore Navantia cannot accept the rationale for excluding Navantia in this phase of the project.

As we are the only contender in the competition with a completed design in the size and performance class, according to the RFI requirements, which the Netherlands envisions, and as we have a complete design and engineering organization in place to modify our basic platform as may be needed, as was detailed in our response to RFI 1, we are very well positioned to deliver boats within the schedule limits, which were mentioned in RFI-1.

As Navantia's completed design of the S-80 will form the basis for a further development to fulfill all remaining requirements of the Dutch submarine then by definition this basis can be described as Military Off The Shelf (MOTS). That does not mean that an S-80 based solution can be categorized as MOTS concept, because the platform to be offered will be modified to incorporate all required changes.

In response to RFI-1 and RFI-2 the information which Navantia provided about the S-80 clearly indicated full compliance with the majority of the high-level requirements, as defined by DMO. Where the S-80 was only partially compliant, Navantia indicated the effort to be undertaken to reach compliancy. In no case did this involve major design modifications.

With the availability of an existing platform like the S-80, which does not need major modifications to comply with the Dutch national requirements, risks are limited, when compared to projects, where designs still have to be finalized or have to be modified in major ways. In other words, Navantia's S-80 platform offers a discriminating advantage relative to any of the competitors in terms of risk.

In addition, in response to RFI-3, based on our understanding of the Dutch ambitions, we have evolved our approach regarding the boat design and involvement from the Dutch industry from a MOTS concept to an approach fully in line with the Dutch ambitions. We expressed our willingness to engage with Dutch industry to the maximum extent possible, including involving them for design modifications as well as for the construction and setting to work in the Netherlands. We have held intense discussions with a large number of companies as possible partners and/or suppliers. Only some weeks ago we signed a Memorandum of Understanding with Huisman Equipment to construct the boats in the Netherlands. In addition, we presented

our ideas on potential Dutch-specific modifications during a conference in Amsterdam last October in the presence of personnel from DMO and the Dutch Navy. It should be noted, that at no time DMO has actually defined specific requirements other than high-level outline requirements, so that we have had to make some assumptions by ourselves.

As an internationally operating shipyard Navantia has built up a record of successful engaging and integrating local industry all around the world, including in other NATO countries and in Australia.

In our response to the various RFI's Navantia highlighted all relevant areas of international cooperation: Industry to Industry, Navy to Navy and Government to Government. From the Spanish side all three parties expressed their willingness to further engage, but discussions have not taken place in this phase.

In conclusion, the stated rationale in your letter makes no sense and we cannot accept the rationale for excluding Navantia at this time.

Furthermore, we have understood that after this first information gathering phase of your acquisition strategy a more detailed study phase will take place to investigate the consequences for selecting one of the candidates.

The next phase of the process will therefore allow for a well-founded decision regarding the elimination or selection of a supplier, based on detailed performance, schedule, cost and risk considerations.

Based on the above we recommend reinstating Navantia as a candidate for the study phase.

Without disregarding all of the above, we must request from DMO a complete debriefing about the grounds of the exclusion of Navantia from the following phase of the project as soon as possible before Dutch Parliament endorsement.

Sincere regards,



Commercial Vice President

Services Director

PD: for any further communications on this subject please refer to the following Point Of Contact (POC):



www.navantia.es