

Republic of Serbia

SOLICITATION OF EXPRESSIONS OF INTEREST

FOR A

FINANCIAL ADVISOR TO PRIVATIZE

“JUGOTERM“ d.o.o., MEROSINA

The Government of Serbia (hereinafter: the GoS), has received a Grant from European Agency for Reconstruction (hereinafter: the EAR), to be administered by the World Bank (hereinafter: the WB), to facilitate and accelerate the privatization, restructuring and bankruptcy of the socially- and state-owned enterprises (SOEs) in accordance with the provisions of the Privatization Law as well as the Bankruptcy Law.

The GoS now intends to apply part of this Grant for services to be provided by a Financial Advisor to undertake the privatization of a Company “**JUGOTERM“ d.o.o., MEROSINA**.”

The company “Jugoterm” d.o.o., Merošina, was founded in 1999. It is located in Merosina, in vicinity of the city of Nis. The Company employed 190 workers on December 31, 2006.

Main operating activity is production of steel panels and tubular radiators. The land surface used by the Company is around 31.250 m². Floor surface of buildings owned by the Company is around 5.000 m².

Key equipment is the machine for dot welding. The Company employs sufficient number of skilled staff for performing its operations.

The Company generates income mostly in domestic market. In the years 2003 and 2004, share of sale in the domestic market in comparison to total sales, was 60% and 68% respectively.

In 2005, the Company generated net sales revenues in the amount of EUR 4.58 million, and net profit of EUR 0.160 million. Total operating assets at the end of the year was EUR 3.32 million, while total equity was EUR 0.71 million.

During 2006, the Company generated net sales revenues in the amount of EUR 4.28 million, and net profit of EUR 0.044 million. Total operating assets at the end of the year was EUR 3.26 million, and total equity of the Company was EUR 0.7 million.

The Company is fully socially owned. Privatization Agency is offering for sale 70% of the socially owned capital.

Remaining 30% of the socially owned capital will be distributed in accordance with the Law on Privatization.

Further details concerning Company “JUGOTERM“ d.o.o., MEROSINA its current operations and its financial situation, are available on the web site of the Privatization Agency, Republic of Serbia (www.priv.yu), or from the Project Manager in charge, Mr. Caslav Obradovic (cobradovic@priv.yu).

The objective of the GoS in this privatization is to attract reputable domestic or foreign strategic investors or consortia of investors with industry expertise, management know-how and financial

strength necessary to improve the companies' performance and fulfill the necessary investment program in order to utilize and secure the long term development potential.

To achieve this goal, the Privatization Agency, Republic of Serbia (PA) intends to hire a Financial Advisor to: (i) undertake the a legal, financial and operational Due Diligence as well as an environmental review and suggest the in necessary pre-privatization measures and the envisaged privatization strategy in a Diagnostic Report; (ii) conduct an investors search and actively market the investment opportunity to a wide group of potential purchasers and present a market assessment report comprising the feedback from potential purchasers; (iii) prepare the required tender documentation; (iv) conduct a valuation; and (v) implement the privatization of the companies through a competitive tender process and manage the sales process until closing of the privatization transaction. All of these activities will be funded by a combination of a **Retainer Fee** to be financed under the Grant, and a **Success Fee** to be funded out of the proceeds of the actual sales.

The Privatization Agency, Republic of Serbia, now invites Expressions of Interest (EOIs) from eligible firms / consortia of firms.

EOIs from eligible firms/consortia should specify the following relevant information in order to be considered: (i) short introduction of the firm/consortium; (ii) evidence of the track record in this type of assignment and the relevant industry, with a maximum of 15 most comparable projects best documenting the required experience (in case of a "joint venture", such evidence is required for all members of the "joint venture", while in case of a sub consultancy, it is required only for the leading firm); and (iii) names and curricula vitae for proposed professional staff only (project manager, privatization expert, financial expert, industry expert, and the legal counsel).

The references of the firm shall clearly line out the experience of the firm / consortium in:

- 1) Tender privatization projects in CEE and in Serbia
- 2) Experience in the industry and in comparable transactions
- 3) General Privatization Experience in CEE and in Serbia

The CVs shall clearly line out the most relevant and recent projects, which the eligible firm considers to be most relevant and which best document the teams experience in accordance with the following requirements:

Project manager: Experience in managing and successful implementation of tender privatization transactions or comparable transactions in the industry and experience in Serbia and in CEE

Privatization Expert: Experience in privatization in CEE and in Serbia

Financial Expert: Experience in financial due diligence and valuations in CEE and in Serbia

Industry Expert: Experience in the relevant industry

Legal Counsel: Experience as legal counsel in tender privatization transactions in CEE and in Serbia

EOIs should be submitted in English and should not exceed 50 pages.

In order to avoid possible over commitment, in addition to the above, firms will be evaluated based on their capacity and current commitments.

A Financial Advisor will be selected in accordance with procedures set out in the World Bank's **Guidelines: Selection and Employment of Consultants by World Bank Borrowers, May 2004**. The method used to select the Financial Advisor will be **Selection Based on the**

Consultant's Qualifications (CQS), in accordance with Clause 3.7. of the above mentioned Guidelines.

The best evaluated firm/consortia will be invited to submit combined technical and financial proposal.

Interested and eligible firms/consortia who wish to participate should mail or e-mail their EOIs by **June 27th, 2007 (Wednesday), and not later than 03:00 p.m. (local time)**.

**Contact: Zorica Petrovic,
PMU Director**

Privatization Agency
Republic of Serbia
Terazije 23, 6th floor
11000 Belgrade
Tel: (+381 11) 30 29 968
Fax: (+381 11) 30 20 828
E-mail: zpetrovic@priv.yu

**Cc: Milena Kostadinovic
Procurement Officer**

Privatization Agency
Republic of Serbia
Terazije 23, 6th floor
11000 Belgrade
Tel: (+381 11) 30 29 942
Fax: (+381 11) 30 20 828
E-mail: mkostadinovic@priv.yu