

Republic of Serbia

SOLICITATION OF EXPRESSIONS OF INTEREST

FOR A

FINANCIAL ADVISOR TO PRIVATIZE

“ELEKTROIZGRADNJA” d.o.o., BAJINA BASTA

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 **“ELEKTROIZGRADNJA” d.o.o., BAJINA BASTA**.

Company “Elektroizgradnja” d.o.o. was founded in 1991. It is located in Bajina Basta, some 165 km south of Belgrade, capital of the Republic of Serbia. In April 2007, the Company employed 270 workers. Legal status of the company “Elektroizgradnja” d.o.o. is Limited Liability Company.

The core activities of “Elektroizgradnja” d.o.o., is rough buildings works-manufacture of concrete pillars and transformer stations, steel constructions, installations, transformer station assembly, installation of power transmission lines and low voltage networks etc. In 2006, the Company produced 32.750 concrete pillars, 135 transformer stations, and 6.303 pieces of concrete trestle. The Company owns around 299 m2 of construction land and total surface of all buildings is 4.375 m2.

The Company generates 100% of income in domestic market. Company’s dominant distribution channel is direct sale - 80%.

In fiscal 2005, “Elektroizgradnja” d.o.o. generated sales revenues of around EUR 5.3 million with net profit of EUR 104.237. Total operating assets at the end of the year were EUR 3.1 million, and total equity of the Company was EUR 1.79 million.

In fiscal 2006, “Elektroizgradnja” d.o.o. generated sales revenues of around EUR 13.9 million with net profit of EUR 1.5 million. Total operating assets at the end of the year were EUR 6.7 million and total equity of the Company was EUR 3.48 million.

The Company is 100% state owned. The Privatization Agency is offering for sale 70% of the

The remaining 30% of the state owned capital will be distributed in accordance with Privatization Law.

Further details concerning Company “ELEKTROIZGRADNJA” d.o.o., BAJINA BASTA 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, Ivana Karaulic (ikaraulic@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 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 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 28th, 2007 (Thursday), and not later than 03:00 p.m. (local time)**.

**Contact: Ms. 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: Ms. 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