

Republic of Serbia

**REVISED VERSION OF
SOLICITATION OF EXPRESSIONS OF INTEREST
FOR A**

**FINANCIAL ADVISOR TO PRIVATIZE
COMPANY “JAT TEHNIKA” d.o.o., Belgrade**

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 “JAT TEHNIKA” d.o.o., Belgrade. The Financial advisor should be an investment bank which must have experiences in privatization of airline support companies, such as, aircraft maintenance facilities. A privatization experience on an international basis is required. The Financial advisor will require strong technical expertise in the privatization of air maintenance facilities and will either obtain this expertise from its own staff or from qualified outside advisors.

Company “JAT TEHNIKA” was founded in 2005, by JAT Airways. It is located in Belgrade, capital of the Republic of Serbia. At the end of 2006, the Company employed 974 workers. Legal status of the company “JAT TEHNIKA” is Limited Liability Company.

The core activities of “JAT TEHNIKA” is maintaining of airplanes, engines, airplane components, as well as providing special services etc. In 2006, the Company provided services to JAT Airways, domestic and foreign airway carriers.

The Company generates 69% of income in domestic market and 31% on foreign market.

In fiscal 2006, “JAT TEHNIKA” generated sales revenues of around EUR 18,7 million with net profit of EUR 157.113. Total operating assets at the end of the year were EUR 16,6 million, and total equity of the Company was EUR 13,05 million.

Further details concerning Company “JAT TEHNIKA” d.o.o., Belgrade 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, Ms. Aleksandra Jezdovic (ajezdovic@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 of this important firm that supports the national air carrier, JAT.

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 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 (vi) implement the privatization of the company 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 for the preparation of a short list of firms to whom Requests for Proposals will be sent: (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 closely 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 internationally and in Serbia
- 2) Experience in the relevant industry and in comparable transactions
- 3) General Privatization Experience internationally 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 relevant industry and experience in Serbia and internationally.

Privatization Expert: Experience in privatization internationally and in Serbia

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

Industry Expert: Experience in the relevant industry

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

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

The project is considered to be highly time critical, therefore the Consultant is expected to be able to field his team shortly after signing of a contract and to keep his team available during the preparatory phase. It can be expected that due to the short time available for the preparatory phase that some of the team members will have to work exclusively on the project.

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 of evaluation will be in accordance to clause 3.19 of above mentioned Guidelines (i.e. selection will be based on cost alone, among those firms securing the minimum passing mark for the quality of their proposals).

Interested and eligible firms / consortia who wish to participate should mail or e-mail their EOIs by **July 3rd, 2007 (Tuesday), and not later than 03:00 p.m. (local time).**

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