

Republic of Serbia

**SOLICITATION OF EXPRESSIONS OF INTEREST
FOR A
FINANCIAL ADVISOR TO PRIVATIZE
"JUKEKSPRES PUTNICKI SAOBRAČAJ" D.P. LESKOVAC**

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 "Jugekspres putnicki saobracaj" D.P. Leskovac:

Company «Jugekspres» was founded in 1950. It is located in Leskovac, some 280 km south of Belgrade, capital of the Republic of Serbia. In September 2006, the Company employed 560 workers.

The core activities of «Jugekspres» are: city passenger transport in Leskovac, intercity passenger transport (regular lines from Leskovac to other major cities, such as Belgrade, Novi Sad, Sombor) and suburban passenger transport, i.e. regular lines from Leskovac to neighboring villages. In 2005, «Jugekspres» transported around 5 million passengers, with mileage of around 4.800.000 km. The Company owns 66 buses.

The Company generates income 100% in domestic markets. Company's dominant distribution channel is direct sale.

In fiscal 2005, «Jugekspres» generated sales revenues of around EUR 3, 0 million. Total operating assets at the end of the year was EUR 5, 6 million, and total equity of the Company was EUR 4, 7 million.

The Company is 100% socially owned. The Privatization Agency is offering for sale 70% of the Company's socially owned capital, in order to attract a reputable, international or domestic strategic investor with industry expertise and financial strength necessary to execute investment and marketing plan, which would increase operating volume and strengthen market position. The remaining 30% of the socially owned capital will be distributed in accordance with Privatization Law.

Further details concerning D.P." Jugekspres putnicki saobracaj" Leskovac, 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. 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 (PA) intends to hire a Financial Advisor to: (i) undertake the necessary vendors due diligence and prepare a Diagnostic Report suggesting necessary pre-privatization measures and the envisaged privatization strategy; (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) prepare an environmental audit; (v) conduct a valuation; and (vi) 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, leading privatization expert, financial expert, relevant industry expert, and the leader of the legal counsel).

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 requirements lined out hereinbefore.

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.

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

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)**.

Interested and eligible firms / consortia who wish to participate should mail or e-mail their EOIs by **November 13, 2006, and not later than 03:00 p.m. (local time)**.

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