

## Republic of Serbia

### SOLICITATION OF EXPRESSIONS OF INTEREST FOR FINANCIAL ADVISOR TO RESTRUCTURE AND PRIVATIZE: “IVAN MILUTINOVIC”-PIM

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 through restructuring of a Company “Ivan Milutinovic”-PIM:

As of March 1951, the enterprise in question was entered into the Registry of state owned enterprises of general importance within the Ministry of Finance under the name “DUNAV”-Enterprise for improvement, construction and maintenance of waterways, whereas on 28<sup>th</sup> of April 1952, it changed it’s name into “**Ivan Milutinovic**” – **PIM**, Enterprise for waterways, Belgrade.

During the period from 1952 until today this Company had executed many principal projects at home and abroad, among the biggest of them are:

- Works on Skadar lake ( railway Beograd – Bar )
- Land reclamation of the New Belgrade
- Ports Paradeep and Haldia ( India ) , Shuwaikh ( Kuwait ) , Chalna ( Bangladesh ) , Um Qasr ( Iraq ) , Misurata and Benghazi ( Libya )
- Shipbuilding yard in Chittagong ( Bangladesh ) , Bombay ( India ) , Kuwait, Bijela i Tivat ( Yugoslavia )
- Many fishing harbours and marines all over the world.

The Company’s activities within the holding, subsidiaries and foreign plants include:

- Construction of seaports, marinas and harbors
- Construction of river ports, inland ports, water fronts, shore protections and waterways
- Construction of dockyards and slipways
- Dredging, Leveling, Reclamation and earthworks
- Water transport
- Quarrying and Building materials Production
- Underwater work
- Sewerage and Pipelines
- Heavy foundations
- Roads, railways and bridges
- Ship building
- Design and Consulting
- Accommodation and catering

The company is located in Belgrade, Gavril Principa Street 22a.

Capital Structure:

- 89,96% socially owned capital;
- 10,04% share capital.

Organizational structure of the Company:

"Ivan Milutinovic" is registered at the Serbian Business Registers Agency as a joint stock company composed by the holding and 7 subsidiaries:

1. Company for hydraulic engineering "PIM Hidrogradnja "DOO
2. Company for hydraulic contracting "PIM Hidroinženjering "DOO
3. Company for sand and gravel production and transport of goods "PIM Bagerovanje i vodni transport" DOO
4. Company for stone, gravel and sand mining "PIM Vodni transport" DOO
5. Company for stone and stone aggregates production "PIM Kamenolom" DOO
6. Company for design and engineering "PIM Inženjering" DOO
7. Company for catering maintenance and transporting "PIM Standard" DOO.

All plants and rep offices abroad are organizational parts of the parent company. The registered plants and rep offices abroad are the following:

1. The plant "MISURATA II" - Libya
2. The plant "RLT/Tripoli" – Libya
3. Representative office in Moscow – Russia

As of 10<sup>th</sup> October 2005, the number of employees was 1352.

Privatization Agency assessed that given the company's over indebtedness the capital or assets of the Entity undergoing privatization cannot be privatized without prior restructuring, which is why it rendered the Decision on Restructuring dated 07.11. 2005.

**Company Profile of the subject enterprise can be obtained on the website of the Privatization Agency ([www.priv.yu](http://www.priv.yu)) or from the Project Manager, Mr. Aleksandar Velkovski ([avelkovski@priv.yu](mailto:avelkovski@priv.yu)).**

The assignment will include an intensive level of preparatory work and intensive co-operation with the company as well as their creditors, but it is expected that after restructuring the optimized sale of the assets may produce substantial sales revenues and high investment commitments.

The objective of the GoS in this privatization is restructuring the companies and their assets to attract commercially oriented investors who can maximize the long term utilization of the existing assets with a view of a long term development by providing development expertise and management know-how and conducting of the necessary long term investments. The Company is therefore subject to pre-privatization restructuring before it, or its constituent parts, can be offered for sale through one or more tender or auction sales. This process may include redefinition of business units, attractive for a wide range of possible investors, including spin offs, financial restructuring and a debt work out with creditors, and/or labor "right-sizing".

The Financial Advisor will: (i) conduct the necessary Due Diligence and undertake a diagnosis that will suggest how best to reorganize company to maximize the possibility of its privatization; (ii) prepare a restructuring program or in case a restructuring procedure may not be required prepare immediately the privatization strategy (iii) accompany the implementation of the required restructuring measures, if these are advised,; (iv) prepare valuations, the necessary sales documentation, draft share purchase agreements, etc for the saleable business units and (v) undertake and advise on the implementation of the privatization and/or their component parts through one or more open, competitive international tenders, and/or auctions as may be appropriate. 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 from eligible financial advisors for the preparation of a short list of firms to whom Requests for Proposals will be sent. Eligible firms must have strong experience in the field of restructuring in general and more specifically in the relevant industry as well as in the preparation of socially-owned enterprises for privatization. The financial advisor must be able to field a team of experienced experts or otherwise provide a team of relevant experts on the ground with strong knowledge of the industry. Preferably eligible firms shall have successfully completed on one or more comparable assignments. If the firm can not provide the complete expertise it may wish to form a consortium of specialists, either through subcontracting or a joint venture.

EOIs from eligible firms/consortia should specify the following relevant information in order to be considered for short-listing: (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.

**In addition, in order to avoid possible over commitment, firms will be shortlisted for this assignment 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 **Quality and Cost based Selection (QCBS)**.

Interested and eligible firms should mail or email their EOIs by **September 1, 2006 by 15 hours local time.**

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