

Request for proposals for the provision of Consultant services for the privatization of JSC “Bektemir-spirt experimental zavodi”

Introduction

In accordance with the Presidential Decrees of the Republic of Uzbekistan №PD-6167 dated February 11, 2021 and №PD-6273 dated July 30, 2021, **the sale of 51.0% shares in the authorized capital of JSC “Bektemir-spirt experimental zavodi”** (*hereinafter – Transaction*) is envisaged.

The State Assets Management Agency of the Republic of Uzbekistan (*hereinafter – Seller*) announces the selection of a Consultant for privatization of JSC “Bektemir-spirt experimental zavodi” (*hereinafter – Asset*).

The sale process should be organized according to the best world practice, considering the requirements of the legislation of the Republic of Uzbekistan, as well as the industry and individual specifics of the Asset. In order to make an internal decision of the Seller, the Asset is evaluated in accordance with the legislation.

The required scope of work of the Privatization Consultant to support the Transaction is described in the appendix of this Request. Consultants can join a Consortium or submit joint proposals to provide a full range of services.

Briefly about the Asset

JSC “Bektemir-spirt experimental zavodi” is one of the largest production centers of the industry, both in Uzbekistan and in Central Asia. The company was founded in 2006. The main type of manufactured products of JSC “Bektemir-spirt experimental zavodi” is ethyl food alcohol, as well as ethyl alcohol, rectified. Depending on the degree of purification, the following range of **alcoholic products is produced**:

- “Lux”;
- “Alpha”;
- “Higher purification”.

In addition, the following other products:

The fraction of ethyl alcohol (FEA), fusel oils, bard.

The total area of the enterprise is 1.7 hectares.

Currently, JSC “Bektemir-spirt experimental Zavodi” employs about 230 people, the capacity is 1,645 thousand dal/y, ethyl alcohol products are sold both on the domestic and foreign markets, the company's net profit in 2020 amounted to 16.5 billion UZS.

Expected structure of Consultants' proposals and requirements for them The Consultant's proposal (individual applicant or Consortium¹) should be prepared in Russian/English, contain information about the following:

a) The Consultant's vision for the organization of work with a detailed description of the proposed actions for the privatization of the Asset. Opinion on the duration of the process, if the Consultant's recommendations and suggestions will be adequately responded to within a reasonably required time (up to 10 points);

¹ If a Consortium submits an application, we ask you to provide a consortium agreement, as well as indicate the Main Consultant coordinating and responsible for the work of the consultant-partner involved. In this case, the total amount of services should be indicated.

b) A reward offer. At the same time, the amount of remuneration depends on the proposed Sales Strategy and the Seller gives preference to offers that provide a proportional reward for the success (“success fee”) of the Transaction. The fixed part of the remuneration should be in the form of a single figure and free from the subjective assumptions of the Consultant himself. In the case of the submission of an offer at a price in the range, the upper limit is taken to evaluate the offer. Possible additional operating expenses (for travel, translation, etc.) should be included in the fixed part of the cost (up to 40 points);

c) Information about the Consultant’s experience in transactions involving similar assets, including information on the mandates of the Consultant in the CIS region and in the period from 1 January 2017–present (25 points);

d) A proposal for the organization of work on the implementation of the Transaction from the point of view of project management. Information about the team that is involved in the proposed Transaction, indicating the names of individuals and information about them: work experience, work experience, general experience in concluding transactions and specific experience in conducting transactions. The command of the Uzbek language by the team members is welcome (up to 25 points);

e) A written statement on the availability of sufficient competence, as well as human, time, and material resources to complete the tasks.

f) Information about the existence of a conflict of interest. Indicate whether the Consultant currently has a mandate for a potential transaction that may pose a conflict for him, if he is involved in this Transaction.

Application deadline and other information

If the Consultants are interested in providing a commercial offer, please submit an offer by **the end of the working day on February 21, 2022** at the contact addresses listed below:

Shokhrukh Okhunov, Head of the Department for Coordinated Operations of the State Assets Management Agency of the Republic of Uzbekistan;

Tel.: + 998-71-259-21-87; *e-mail:* cooperation@davaktiv.uz;

Jon Nasirov, Head of the Department of Transformation and Privatization of Large State Assets of the State Assets Management Agency of the Republic of Uzbekistan;

Tel.: + 998-71-259-21-30; *e-mail:* j.nasirov@davaktiv.uz

Shokhabbos Abduazimov, Deputy head of the Department for Coordinated Operations of the State Assets Management Agency of the Republic of Uzbekistan;

Tel.: + 998-71-259-22-43; *e-mail:* sh.abduazimov@davaktiv.uz;

It is expected that the work on the Transaction will be carried out in close cooperation between the representatives of the Consultant, the Seller and the Asset, if necessary, with an onsite to the Asset and providing practical assistance for data collection to the Asset team.

Disclaimer

This request is not an offer, the Seller does not give any obligation to accept any offer or conclude any contract in accordance with this Request. Accordingly, this Request does not imply the conclusion of a contract by virtue of the publication of this Request and/or receipt of applications in connection with it, or through negotiations or discussions with one or more selection participants regarding the Project.

The materials and information contained in this document are intended to serve as a preliminary summary of only the most important aspects of the Project and a general indication of the scope of work that can be expected from a Privatization Consultant.

The Seller reserves the right to decide on the sale process, including on the basis of their recommendations.

Annex to the Request for Proposals

Scope of work expected from the Privatisation Consultant

I. Analysis of the Asset

description of the Asset, its market and competitive positioning;

risk analysis: identification of potential areas for concern about the asset from the investor's point of view and the most common reasons for the failures of such transactions. Providing recommendations on measures to reduce the identified risks;

conducting legal expertise, including, but not limited to, the study of issues related to:

determining the ownership of a trademark, market brands and other aspects of intellectual property;

the right of ownership of assets, limited property rights established in favor of the Asset or the property of third parties, limited property rights established on the property of the Asset in favor of third parties;

claims and debts, the status of claims, as well as measures taken to recover debts and enforcement;

situations with compliance with labor and antimonopoly legislation, regulations on environmental protection;

recommendation on the mechanism of asset privatization with a description of the sequence of actions and proposals for the text of the Announcement.

II. Consultations on pre-sale preparation of an Asset:

proposals to increase the investment attractiveness of an Asset, improve the corporate structure and corporate governance based on best practices and a review of comparable analog companies during the pre-sale preparation period;

conducting a comprehensive (tax, legal, financial and environmental) analysis (due diligence) of an Asset;

recommendations on the optimal marketing strategy, preparation of marketing materials (teaser, information memorandum, procedural letter, etc.);

presentation of recommendations on building public relations, answers to their questions, PR strategies;

review of suitable valuation methodologies and their relevance to investors, providing recommendations on the cost range;

identification of key factors, key indicators and assumptions affecting the assessment, including from the investor's point of view;

involvement of other consultants within the project (if necessary) and coordination of their work.

III. Transaction Support:

adoption of all measures aimed at the privatization of the Asset, organization of a virtual data room (DVR);

coordination of communication with potential Applicants, including answers to questions from potential Buyers;

support of the sale process with the preparation of all necessary documentation, including the draft purchase and sale agreement, shareholders' agreement, disclosure letter, transitional services agreement and financial documentation (with preparation in Uzbek);

organization of Closing and announcement of the Transaction.