



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Public Works and Transport
Lao Airlines

№

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REF _____/LA

Vientiane Capital, 26 DEC 2023

Terms of Reference (TOR)
For Financial Advisory Firm (FA)

1. Background and Objectives of the Consultancy

As a national carrier, we at Lao Airlines take great pride in connecting the people of Lao PDR to the world. Since our establishment in 1989, we have become the tenth-largest State-Owned Enterprise (SOE) by revenue in 2017. Although we operate independently, the Ministry of Public Works and Transport (MPWT) remains our supervising agency.

Over the years, we have invested heavily in upgrading our standards and interconnection, as well as strengthening our corporate governance arrangements. We revamped our management board, established an aviation operations management system to fulfill our safety goals, selected sales channels and payment systems to link up with the International Air Transport Association (IATA) system, and upgraded the skills of our top management, supervisors, and technical staff to use sophisticated transport and service systems, and modern technology.

Our vision is to connect the Lao PDR regionally and internationally in a sustainable manner. To achieve this, we are currently undergoing a reform process led by The Prime Minister appointed committee. As part of this process, we are actively seeking a joint venture partner with established experience in Air Transportation to enable our company's growth.

To prepare for the due diligence process of potential joint venture partners, we want to engage with FA to evaluate our firm's value. The advice and recommendations will be critical in helping us make informed decisions that will enable us to achieve our goals and contribute to the growth of the Lao transport and tourism sectors.

2. Objective

The main objective of the financial advisory (FA) work is to conduct a comprehensive evaluation of Lao Airlines' value, taking into account its reputation, goodwill, and tangible and intangible assets. The FA firm should also provide advice to Lao Airlines on the due diligence process for potential joint venture partners and assist in preparing the required documentation.

3. Scope of work

The FA will work closely with Lao Airlines to accomplish the following tasks:

- i. Review and verify all relevant information provided by Lao Airlines and identify any material issues or gaps that may affect the deal outcome.
- ii. Conduct a thorough assessment of Lao Airlines' value, taking into account its reputation, goodwill, and tangible and intangible assets by using various valuation methods to determine a fair market value of the company.
- iii. Perform a comprehensive analysis of Lao Airlines' business, including its financial performance, market position, operational efficiency, and growth prospects.
- iv. Assess the risks and opportunities associated with the transaction, such as regulatory compliance, synergies, valuation, and financing options. Help Lao Airlines to understand the potential risks and opportunities and develop strategies to mitigate the risks and maximize the benefits.
- v. Perform a thorough due diligence on Lao Airlines, covering financial, legal, tax, commercial, and technical aspects. Work with Lao Airlines to gather all necessary information to ensure that the transaction is completed on sound financial, legal, and commercial grounds.
- vi. Assist in developing negotiation strategy that maximizes the value and minimizes the risks of the transaction. Provide advice on deal structure, pricing, terms and conditions, and closing mechanisms.

4. Expected outputs:

- Gaps report outlining the gaps and recommended solutions.
- Full report on Lao Airlines Market Value.

5. Expected deliverables and tentative timeframe.

No	Summary of Deliverables	Due Date
1	Gaps report outlining the gaps and recommended solutions for review	TBA
2	Full report on Lao Airlines Market Value.	
4	A fit-for-purpose Lao Airlines negotiation strategy.	

6. FA requirement and qualifications.

The successful FA should meet the selection criteria set out below:

- The firm must have a valid license and approval from the Lao Securities Commission.
- The firm must have relevant experience in Financial Advisory Services and similar transactions in the Lao PDR context, with at least three successful cases in the past five years.

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- The firm must have at least 10 years of experience in the Financial Advisory Services role, with a team of qualified and experienced professionals.
- The firm must have a good reputation and track record in the market, with no history of legal or ethical violations.
- The firm must have a deep understanding of the aviation industry, including its regulatory framework, operational challenges, and market dynamics.
- The firm must have a proven track record of providing value-added financial advisory services, such as identifying and mitigating financial risks, optimizing capital structures, and improving operational efficiency.
- The firm must demonstrate its ability to work collaboratively with a wide range of stakeholders, including government agencies, investors, financial institutions, and other relevant parties.
- The firm must have a strong commitment to ethical and professional standards, including confidentiality, objectivity, and transparency.
- The firm must have a clear understanding of the Lao Airlines' corporate culture, values, and strategic objectives, and be able to align its recommendations accordingly.
- The firm must have a robust project management framework, with clear timelines, milestones, and deliverables, and be able to provide regular progress reports to Lao Airlines' management.

7. Proposal Submission.

Interested Financial Advisory (FA) firms are required to submit a project proposal to Lao Airlines that outlines how they meet the requirements and qualifications for the project. In addition to the requirements, the FA firm must also submit a detailed project proposal outlining the scope of work, schedule, methodology, and expected outcomes for Lao Airlines. The proposal must be submitted to the designated email address (phoutthasinh.k@laoairlines.com) by 10th January 2024, and only the firms that pass our evaluation will be contacted to proceed.

Thank you for your interest in working with Lao Airlines.



Saleum TAYARATH

DEPUTY MANAGING DIRECTOR

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