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## Se deja una de las mayores bancarrotas "pa-pardillos"...

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de la historia (sin duda mi favorita), en la que también aparece mezclado el logotipo Jazztel je, je. Señores y señoras El señor Varsavsky y ..... VIATEL

(LEER SOBRE TODO EL FINAL .... PARA QUE LA BANDA SEPA DE DONDE VINO TODO)

Young, Rich & Restless Lawrence Minard, 10.04.99 Buenos Aires, Argentina, 1977. A right-wing junta led by Jorge Rafael Videla "disappears"--murders--Martin Varsavsky's 17-year-old cousin, David. Varsavsky's father, a Harvard-trained astrophysicist running Argentina's Radio Astronomical Institute, packs up his family and resettles in New York. Martin, then 16, goes on to earn an undergraduate degree at NYU and two graduate degrees at Columbia University. He dabbles in real estate, buys a hotel, starts a medical products firm and, before turning 30, launches himself into telecommunications. Argentina's loss turns out to be a major gain for telecommunications consumers in Europe. Now 39 and based in Madrid, Martin Varsavsky has emerged as one of the brightest lights on Europe's rapidly developing entrepreneurial scene. In 1991 he started Viatel, a pioneer in international call-back services that radically cut the cost of international calling. Two years later, when the call-back business got crowded (and with financial backing from George Soros), he threw Viatel into the business of laying bandwidth-rich fiber-optic cables between London, Frankfurt and other major European cities. That positioned Viatel beautifully for the telecommunications liberalization that is now sweeping across Europe. A publicly traded company since 1996, Viatel currently has an enterprise value (debt plus equity) of \$2.1 billion. Varsavsky has cashed out most of his Viatel stock but still owns a 6.8% stake currently worth around \$57 million. Varsavsky sees himself as a restless entrepreneur who gets his kicks starting companies, tapping Europe's fast-growing junk bond market (see box, p. 60) to finance them, bringing in professional management and then moving on to start something else. Eighteen months ago he resigned his official positions at Viatel to concentrate on building a new telecommunications company: Jazztel Plc. Whereas Viatel built a pan-European fiber grid linking European cities, Jazztel is focusing on Spain (and, soon, Portugal). Headquartered in Madrid, Jazztel is in the early stages of building a high-capacity fiber network targeted at some 126,000 companies in Madrid, Barcelona, Bilbao, Mlaga, Valencia and a dozen other Spanish cities. Initially Jazztel will offer mainly low-cost local and long-distance calling services on the network. But Varsavsky's ultimate aim is to offer a panoply of new-age products, from e-mail and intranet to Internet, videostreaming and other data-intensive broadband services, all at superfast transmission speeds. Building these broadband fiber networks is a sexy business that has already created fabulous wealth for entrepreneurs and their backers. In the last six months Varsavsky has raised some \$500 million in high-yield and commercial bank debt. If the financial markets continue to cooperate and an initial public offering in mid-November of Jazztel's common equity comes off, 18-month-old Jazztel will have an enterprise value of slightly over \$1 billion. Varsavsky owns around 25% of the company. The markets, of course, might not cooperate. The IPO window for telecom startups could slam shut, depriving Jazztel of badly needed capital. But considering the ground Varsavsky has already covered, a crimp in Jazztel's funding at this point would probably be no more than a temporary setback. Varsavsky has already suffered through one near miss with Jazztel.

A PARTIR DE AQUI ES LO GUAY

Anxious to get the company started before Spain deregulated its telecom markets last Dec. 1, Varsavsky early last year lined up some private equity investors and borrowed \$15 million against his Viatel holdings. But in the fall Russia blew up and took the high-yield debt market--on which telecom ventures

like Viatel and Jazztel depend for financing--with it. Viatel collapsed from \$20 a share in July to \$8 in September. The bankers called his loans. The private equity investors disappeared. "In October [1998] Jazztel was worthless--worthless!" grimaces Varsavsky, adding that at the time he was so distressed that he suffered a serious mountain biking accident, putting him in the hospital with 50 stitches. "I was in a horrendous position. Everybody deserted me. The banks said no high-yield. My private equity investors said no private equity. I was left holding the bag."