

EN QUÉ INVERTIR Y EMPRENDER EN 2021?
EL FUTURO DE LA BANCA Y EL E-COMMERCE

ESPECIALES
EN ESTA
EDICIÓN

LA COLOMBIA QUE VE LEONARDO VILLAR
LOS 10 INFLUENCERS FITNESS MÁS COTIZADOS

Forbes

COLOMBIA

FEBRERO / MARZO • 2021



“THE COMEPTITORS ARE MAKING IT DIFFICULT FOR US TO ENTER IN COLOMBIA. I’M NOT COMPLAINING OR CRYING, IT IS THEIR JOB.”

ICELANDER THOR BJÖRGÓLFSSON, IS OWNER OF MOBILE OPERATOR WOM.

EXCLUSIVO

THOR’S STRATEGY

FORBES TALKS WITH THE MILLIONAIRE OWNER OF NOVATOR PARTNERS, WHO BROUGHT WOM TO THE COUNTRY ALONG WITH USD \$1 BILLION.



THOR HAS ARRIVED IN COLOMBIA



64

Thor Björgólfsson, the Icelandic billionaire owner of Wom, the fourth largest telecommunications operator in the country, tells Forbes his story as an entrepreneur and how he plans to conquer 25% of the market.

COVER PICTURE: ANDRES RODRIGUEZ / FORBES

THOR: THE MILLIONAIRE WHO STEPS IN COLOMBIA

FORBES HAD AN EXCLUSIVE INTERVIEW WITH THOR BJÖRGÓLFSSON - THE RICHEST MAN IN ICELAND, HOLDER OF ONE OF THE LARGEST FORTUNES IN EUROPE, AND OWNER OF THE NOVATOR PARTNERS FUND - WHO ARRIVED TO COLOMBIA WITH A ONE BILLION DOLLAR CHECK FOR HIS COMPANY WOM,

THE FOURTH LARGEST TELECOMMUNICATIONS OPERATOR IN THE COUNTRY. HE EXPLAINS HOW HE PLANS TO GAIN 25% OF THE MARKET - AS HE DID IN CHILE -, HOW HE GOT OUT OF BANKRUPTCY, HE TALKS ABOUT THE QUESTIONED AUCTION THAT GAVE HIM THE RIGHT TO OPERATE IN COLOMBIA AND ABOUT HIS COMPETITORS.

Elevator doors open, and out comes a tall man with sunglasses wearing a deep blue suit. Purple walls surround him as he walks through the place that houses, in its center, the gigantic sculpture of a hand whose index and little finger point to the ceiling, while the others are folded inwards recalling a couple of horns. These offices in the north of Bogota, smelling new, hold the headquarters of Wom, the incoming mobile operator in Colombia.

At that moment arrived the owner of everything that surrounded us: Thor Björgólfsson, one of the richest men in Europe and the richest in Iceland, who began his 48-hour express visit to Colombia's capital to see how his new bet in Colombia and his second big investment in Latin America - after his previous venture in Chile - is coming along.

This really is a comeback, because a few days before the quarantine started due to the coronavirus pandemic, he had already visited Bogota, Medellin, Cali, Barranquilla and Cartagena. "This is a very interesting country, I am particularly intrigued by how different it is from one side to the other", Björgólfsson told Forbes Colombia in an exclusive interview. "People work hard. We invest in many countries, and a typical task we assign is to open 10 new stores in 4 weeks, expecting them to open 7 or 8. But in Colombia they opened 12. They actually exceeded our expectations".

After that visit he returned to London for a lockdown on the outskirts of the city that lasted several months. Five days after landing, he was diagnosed with the coronavirus. "I am always seeking to be the first at trying things out and ended up also being one of the first with the virus", he says jokingly. Björgólfsson, aged 53, with a net worth of \$2.3 billion and owner of the London-based fund Novator Partners, considers himself "addicted to deals" and his investments in telecommunications in the last two decades have been explosive. Wom, the brand he is launching in Colombia, was started in Chile in 2015 and in five years it has captured 23% of the market, which is equivalent to 6 million users.

"Falling down does not matter, what matters is how fast you can get up", mentions Thor, who a decade ago lost 99% of his fortune. "One should not focus on the past, but on the future, remembering what you've done. One must combine experience and optimism, tackling problems again and again without giving up. You just have to decide that you will get back up no matter what it takes. Thinking about it is not the problem; it is the decision. When you have made a solid decision to get back up, the necessary actions will become easier over time".

In 2007, only 250 people were richer than him worldwide, and Thor was Iceland's first and only billionaire. His four billion-dollar fortune at the time came from doing business in countries like Russia, Bulgaria and the United States, having invested in more than 40 companies. He lent his private Challenger 600 jet to public figures like Mikhail Gorbachev, president of the Soviet Union, and to celebrate his 40th birthday he took 120 of his friends to a private party in Jamaica entertained by 50 Cent and Ziggy Marley.

In the midst of the global economic turbulence of 2008, a certain Monday in October Thor woke up in Iceland almost bankrupt. The local currency was worthless, the stock exchange was closed and the

country's second largest bank, Landsbanki, of which he was one of the largest shareholders, ended up filing for bankruptcy.

THOR BJÖRGÓLFSSON'S FORTUNE	
2005	USD \$1.5 BILLION
2007	USD \$4.0 BILLION
2008	USD \$3.5 BILLION
2009	USD \$ 40 BILLION
2013	USD \$1.3 BILLION
2016	USD \$1.6 BILLION
2017	USD \$1.7 BILLION
2018	USD \$2.0 BILLION
2019	USD \$2.1 BILLION
2020	USD \$2.0 MILLION
2021	USD \$2.3 BILLION

The small island of 350,000 inhabitants became Thor's personal hell. His fellow citizens made him a symbol of the crisis and blamed him for ruining the country as a result of his business abroad. They painted his face with graffiti on the side of his house in the capital Reykjavik, wishing him death and spray painted his truck. His creditors were also furious. His companies owed USD \$10.0 billion, of which almost USD \$1 billion he had secured with his personal fortune.

In his autobiography, *Billions to Bust and Back*, Thor explains not only how he regained his wealth but something that also cost him: his reputation.

THE BEGINNING AND BANKRUPTCY

His business career began after he started a beverage and beer business in Russia during the 1990s following the collapse of the Soviet Union. Achieving success in the midst of such a crisis made him the object of accusations of alleged ties to the Russian mafia, which he denies. He gained so much market share that his Bravo brewery was bought by Heineken in 2002, a transaction from which he made USD \$100 million dollars.

This was followed by a spate of business deals with the strategy of acquiring assets and managing them to a leadership position where he could sell them. At that moment, banks competed to give him loans, some as significant as Deutsche Bank, all of them seeking exclusivity with Thor's business.

“IT WAS A MISTAKE WE MADE AS AUCTION PARTICIPANTS. THE ORGANIZERS OF THE AUCTION ALSO MADE A MISTAKE. WE WERE VERY DISAPPOINTED IN OUR OWN PEOPLE. BUT WE SAID: WHO ASSUMES RESPONSIBILITY FOR THESE MISTAKES? WE WILL FIND THIS OUT LATER, IT WILL BE SORTED OUT IN THE FUTURE, WE PAID THE FINE AND MOVED ON”.



That's how he was able to buy, together with his father, 46% of Landsbanki bank in Iceland, using both his own resources and borrowed funds.

At his peak, in 2005, he appeared on the cover of Forbes USA as one of the new billionaires in the world and in 2007 he was the protagonist of one of the most important transactions in Europe that year: the purchase of the pharmaceutical company Actavis, for USD \$7.3 billion, leveraging mainly on loans from Deutsche Bank. The following year, the financial markets were closed, and the loan disbursement was halted, while Actavis had regulatory problems in one of its U.S. plants, leading it to recall all its drugs.

Actavis shareholders had to contribute more cash, so Thor borrowed USD \$230 million from its bank in Iceland, which gave him its last resources in September 2008, a few days before the collapse in Iceland.

But the storm was just beginning. In those days, he lost his stakes valued at USD \$1.8 billion in four companies, including Elisa, a Finnish telecommunications company and the sportswear company Amer Sports. He also lost 25% of Play, the mobile operator he owns in Poland, but managed to keep another percentage. Furthermore, he had provided collateral for USD \$350 million of his father's debt, who also filed for bankruptcy.

Björgólfsson did not want to repeat the story of his great-grandfather (who was also the richest man in Iceland) and his father, who ended up bankrupt. So, with an arsenal of attorneys, consultants and investment bankers as he put together the so called “Darwin Project” to restructure his debts that amounted to approximately USD \$1 billion.

Thor's feat is that he managed to pay off the debt. They tracked down all his assets and he was forced to sell his yacht, his private jet, some of his houses and his Ferrari to prove his intent. Most of the proceeds later appeared from Actavis, which was stripped of its devaluation, and Play, from which the lenders started getting dividends and kept most of the proceeds should a sale occur. Thor was able to negotiate the retention of a portion of the companies by aligning himself with the banks’ expectations and slowly rebuilding his empire.

Very cautiously, he was able to go about making new strategic investments. “Like an animal learning in the jungle”, said Thor in 2015 to Forbes, “I'm really trying to learn something from this”, by noting that henceforth he would not use as much debt, that he would limit himself to sectors he knows well like telecommunications and pharmaceuticals, and he would try to invest with partners. That same year, he had a spectacular return to the Forbes billionaires list, where he had not appeared since 2008.

THOR'S BUSINESSES

Today, the investments of Novator Partners, created by Thor in 2004 as a vehicle, continue to hold the Polish mobile operator Play, the pharmaceutical Actavis, and now includes the video game firm CCP, the cycling platform Zwift, the e-commerce platform Nova and the telecom operator Wom that has conquered Chile and now wants to conquer territory in Colombia.



“Latin America is a book we are just beginning, we have only invested in telecommunications, but we would also like to look for more fast-growing companies that have the same profile as the ones we already have, expanding our venture capital area”, notes Thor to Forbes. “We see companies deriving from here. A fantastic example is Rappi, which was created by Colombians and there is another one in Chile called Notco. We could start going into those type of companies that fit very well with telecommunications”.

In December, Novator Partners closed an investment in the English fintech Monzo, injected capital to the acclaimed payments fintech Stripe, and the platform for cyclists Zwift, in which users run on tracks in their living room at home and which has had an unusual boom during the lockdown. “Zwift is doing fabulous. There are more than one million people interacting among them while they ride their bikes, this was not possible only a few years ago”, says Thor. “We see that during the pandemic, people are interested in getting fit instead of just eating or watching TV. We want to be part of this kind of evolution with commerce, exercise and communication in general”.

Thor exercises himself. His pictures on the beach next to David Beckham come up on the internet, with his muscles showing. He says he spends a lot of time in the gym and lifts weights with his eldest son, that he wants to continue doing sports for at least the next 25 years, and that he frequently looks for activities he can do with his family. “I ski, fish and hunt a lot, I also do a lot of motorcycling. Except for motorcycling, these are things we can do as a family”.

Although he cannot motorbike with his three children together, he has taken his wife Kristin touring cities on luxurious motorcycles. His fondness for these vehicles led him to buy shares in Polaris, which owns the American motorcycle brand Indian.

For now, his right hand in Latin America is an irreverent executive who has no office and just sits anywhere. Chris Bannister, known in Chile as “Uncle Wom”, consolidated the brand in that market and has now moved over to be CEO of Wom Colombia. They met in an auction of the Polish spectrum, where Chris worked for another company, but Novator won the auction. Thor called him to a meeting in London and they have worked together since then.

“He is a true entrepreneur, a person with great business acumen, with a wealth of experience to create successful companies with a differential approach”, says Bannister about Thor. “He exemplifies the power of positive thinking and the opportunities that can be generated in times of adversity”. As Thor describes it, the strategy of Wom and Play is to look for those customers who are unhappy with what they have. “When you choose a company, you choose someone on your side, with your same values, because it is associated with you. It is not like going to a supermarket where today you buy Pepsi and tomorrow Coca Cola. In telecommunications, you build a relationship for years, it's like a family that involves you a lot. We ask customers what they are looking for, what is it that they are not getting, how do we get them and how do we keep them”.

Although they compete in the world with giants like Vodafone, T-mobile, Telefonica Movistar and America Movil with Claro, Thor says that in his companies he encourages a fast culture, similar to that of a college campus, always looking for the new thing they want to be. “In our company, the CEO doesn't have an office, he sits with others, the line of communication is totally different from what you see in large multinationals”.

I'M NEITHER COMPLAINING NOR CRYING

But Wom's landing in Colombia has been unusual. In order to build its infrastructure, in the 2019 spectrum auction of the 2,500 MHz band, Novator Partners bid 1.74 billion dollars for one of the 10 MHz blocks, 10 times more than the COP \$170 billion it was valued at. Weeks later, the Colombian government admitted Partners' waiver of that block, but forced them to pay a COP \$47 billion fine.

“It was really unfortunate”, he states in an interview, in which for the first time he speaks publicly about this episode. “It was a mistake we made as participants of the auction. The organizers of the auction also made a mistake. We were extremely disappointed by our own people, we were very disappointed by the people who led the auction, but these mistakes happen. But we said: who is responsible for these mistakes? We will find out later, it will be sorted out in the future, so we paid the fine and moved on because we had more important things to do”.

Wom acquired Avantel, which was bankrupt, and had its kick-off, although it has had to deal with some complaints from the other operators, filed before the Ministry of Information Technologies and Communications, the Commission for the Regulation of Communications and the National Spectrum Agency. “It is very difficult to deal with the three companies, they are really making it difficult for us to enter; but I am not complaining or crying about it because it is their job”, notes Thor.

The authorities have already defined that Wom is the incoming operator and is now proclaiming, without reservation, that it is going after 25% of the market led by Claro, Movistar and Tigo in the next 5 years, with an investment of USD \$1 billion.

“We continue moving forward in the deployment of our 4G network nationwide, by the end of February we will have 1100 antennas installed, of which 150 will be located in rural areas of Colombia, in populations that will have connectivity for the first time”, explains Chris Bannister, CEO of Wom Colombia. “This huge challenge begins with the launching of our commercial offer, but in the end, it is the people of Colombia who will decide if we deserve that 25% of the market”.

“SURROUND YOURSELF WITH GOOD PEOPLE, WITH PEOPLE YOU TRUST FOR YOUR BUSINESS, BUT WHOM YOU CAN ALSO CHOOSE TO BE FRIENDS WITH, GATHER PEOPLE TO GET GOOD ADVICE. THE MOST SUCCESSFUL ENTREPRENEURS I KNOW ARE OPTIMISTIC AND BELIEVE IN DOING WHAT THEY ARE CAPABLE OF DOING”

Meanwhile, from a more global view, Thor warns that although telecom companies abide by strong regulations and build infrastructure, “most of the revenue and value goes to software companies, Amazon, Google, Facebook; they collect all the revenue and the customers, the same with WhatsApp, and only a fraction remains for us” and he continues: “As with all the threats to your industry, you have to evolve, you have to build bigger pipes, have faster data speeds. If you think about it, telecommunications companies are more regulated, but more regulations are coming soon for social networks globally”. Thor Björgólfsson, who has been a part of heaven and hell, warns when an entrepreneur starts to gain recognition, there is the risk that he starts thinking that he is better than he really is. “Surround yourself with good people, with people you trust for your business, but whom you can also choose to be friends with, gather people to get good advice”, he says. “The most successful entrepreneurs I know are optimistic and believe in doing what they are capable of doing”.

THE COLOMBIAN MARKET

Investments in the telecommunications sector in Colombia had been declining between 2013 and 2019, when the Information Technologies and Communications Companies Modernization Act was passed, creating incentives for new investments.

Upon its arrival in the Colombian market, Wom found two competitors it already knew in Chile: Claro holding 47% of the market, and Movistar with a 24% share, and now there is also Tigo with 18% of the market.

“With low operating expenses, its competition will not be Claro that functions with very low operating costs, but rather companies like Tigo and Movistar that carry public labor liabilities and high operating costs compared to its revenues”, commented Jorge Negrete, president of Digital Policy & Law Group. With its extravagant market, Wom manages the most aggressive pricing strategy in Latin America.

In this landing, all the existing operators have reacted against Wom, while in parallel, the attack of all of them against Claro remains, in which the rest of the companies have been lobbying the authorities to name Claro a market-dominating operator, which Claro denies.