

Environmental, Social, And Governance Evaluation

MasMovil Ibercom S.A.

Summary

MasMovil is one of the four largest telecommunications operators in Spain, providing fixed and mobile voice and internet services to business and retail customers. On Nov. 3, 2020, it completed the delisting of its share capital following the takeover by private equity groups Cinven, KKR, and Providence Equity Partners. In fiscal 2022, the group reported revenue of €2.89 billion, from its residential (79% of the total) and wholesale and business (21%) segments. In 2021, MasMovil acquired Euskaltel, the leading telecommunications provider and sole cable operator in Spain's Basque Region, Asturias, and Galicia. This acquisition follows Pepephone and Yoigo in 2016, Llamaya in 2017, Lebara in 2018, and Lycamobile Spain in 2020. MasMovil has a hybrid network model through which it leases part of its network while owning the rest. It stands between traditional mobile network operators (MNOs) and mobile virtual network operators (MVNOs).

The ESG evaluation of 68 reflects MasMovil's good management of environmental and social risks, effective governance structure, and adequate preparedness for disruptions. We view positively that, in 2022, the company improved reporting on Scope 3 emissions, including all material categories. It also signed a commitment letter to set science-based targets initiative-approved targets within the next 24 months. Nevertheless, stronger peers already have scope 3 emission targets or science-based targets in place. MasMovil has a track record of completing acquisitions, which has enabled it to steadily increase its market share in both fixed broadband and mobile in Spanish market. However, the company continues facing the challenge of bringing Euskaltel's customer satisfaction in line with MasMovil's high historical level. This ESG Evaluation does not address the impact of the potential merger with Orange, whose completion is planned for fourth-quarter 2023. When it proceeds, we will evaluate the new entity's sustainability strategies, policies, commitments, governance structure, and awareness of plausible long-term disruptions.

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ESG Profile Components (figures subject to rounding)

Entity-specific assessment		Sector/region analysis		Achieved and attainable scores	
E (30%)	33	E (30%)	41	E	56 - 74 - 91
S (30%)	32	S (30%)	35	S	50 - 67 - 85
G (40%)	33	G (40%)	31	G	51 - 63 - 96

Entity within its primary sector/region | Entity's sectors/ regions versus all sectors/ regions | Min and max scores possible given sectors/regions. The gray line represents performance in line with industry standards.

ESG Profile 68

