

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP  
Form 6-K  
August 19, 2016

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For August 12, 2016**  
**(Commission File No. 1-31317)**

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**Companhia de Saneamento Básico do Estado de São Paulo - SABESP**  
*(Exact name of registrant as specified in its charter)*

**Basic Sanitation Company of the State of Sao Paulo - SABESP**  
*(Translation of Registrant's name into English)*

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**Rua Costa Carvalho, 300**  
**São Paulo, S.P., 05429-900**  
**Federative Republic of Brazil**  
*(Address of Registrant's principal executive offices)*

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Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K  
in paper as permitted by Regulation S-T Rule 101(b)(1) ☐.

Indicate by check mark if the registrant is submitting the Form 6-K  
in paper as permitted by Regulation S-T Rule 101(b)(7) ☐.

Indicate by check mark whether the registrant by furnishing the  
information contained in this Form is also thereby furnishing the  
information to the Commission pursuant to Rule 12g3-2(b) under  
the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicated below the file number assigned to the  
registrant in connection with Rule 12g3-2(b):

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SBSP3: R\$  
29.46/share

**SABESP announces 2Q16 results**

SBS: US\$ 9.17  
(ADR=1 share)

São Paulo, August 12, 2016 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP** (BM&FBovespa: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of costumers, announces today its **2Q16 results**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reais, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2015.

Total shares:  
683,509,869

Market value: R\$ 20  
billion

Closing quote:  
08/12/2016

**1. Financial highlights**

|                                                                          |         |         |       |       |         |         |
|--------------------------------------------------------------------------|---------|---------|-------|-------|---------|---------|
| Gross operating revenue                                                  | 2,723.4 | 2,047.2 | 676.2 | 33.0  | 5,294.1 | 4,050.0 |
| Construction revenue                                                     | 897.2   | 904.8   | (7.6) | (0.8) | 1,522.4 | 1,490.0 |
| COFINS and PASEP taxes                                                   | 182.0   | 129.1   | 52.9  | 41.0  | 350.1   | 250.0   |
| (=) Net operating revenue                                                | 3,438.6 | 2,822.9 | 615.7 | 21.8  | 6,466.4 | 5,290.0 |
| Costs and expenses                                                       | 1,738.0 | 1,465.1 | 272.9 | 18.6  | 3,532.3 | 2,250.0 |
| Construction costs                                                       | 877.4   | 885.2   | (7.8) | (0.9) | 1,489.8 | 1,460.0 |
| Equity result                                                            | (0.3)   | (0.1)   | (0.2) | -     | 1.8     | 1.0     |
| Other operating revenue (expenses), net                                  | 16.2    | 11.7    | 4.5   | 38.5  | 21.6    | 43.0    |
| (=) Earnings before financial result, income tax and social contribution | 839.1   | 484.2   | 354.9 | 73.3  | 1,467.7 | 1,620.0 |
| Financial result                                                         | 372.7   | 155.4   | 217.3 | 139.8 | 712.9   | (830.0) |
| (=) Earnings before income tax and social contribution                   | 1,211.8 | 639.6   | 572.2 | 89.5  | 2,180.6 | 790.0   |
| Income tax and social contribution                                       | 414.3   | 302.3   | 112.0 | 37.0  | 754.3   | 134.6   |
| (=) Net income                                                           | 797.5   | 337.3   | 460.2 | 136.4 | 1,426.3 | 655.5   |
| Earnings per share* (R\$)                                                | 1.17    | 0.49    |       |       | 2.09    | 0.9     |
| * Total shares = 683,509,869                                             |         |         |       |       |         |         |

**Adjusted EBITDA Reconciliation (Non-accounting measures)**

|                                          | <i>R\$ million</i> |         |         |       |         |         |           |         |
|------------------------------------------|--------------------|---------|---------|-------|---------|---------|-----------|---------|
| Net income                               | 797.5              | 337.3   | 460.2   | 136.4 | 1,426.3 | 655.5   | 770.8     | 117.6   |
| Income tax and social contribution       | 414.3              | 302.3   | 112.0   | 37.0  | 754.3   | 134.6   | 619.7     | 460.4   |
| Financial result                         | (372.7)            | (155.4) | (217.3) | 139.8 | (712.9) | 830.3   | (1,543.2) | (185.9) |
| Other operating revenues (expenses), net | (16.2)             | (11.7)  | (4.5)   | 38.5  | (21.6)  | (43.8)  | 22.2      | (50.7)  |
| (=) Adjusted EBIT*                       | 822.9              | 472.5   | 350.4   | 74.2  | 1,446.1 | 1,576.6 | (130.5)   | (8.3)   |
| Depreciation and amortization            | 294.2              | 284.1   | 10.1    | 3.6   | 578.8   | 537.4   | 41.4      | 7.7     |
| (=) Adjusted EBITDA **                   | 1,117.1            | 756.6   | 360.5   | 47.6  | 2,024.9 | 2,114.0 | (89.1)    | (4.2)   |
| (%) Adjusted EBITDA margin               | 32.5               | 26.8    |         |       | 31.3    | 40.0    |           |         |

(\*) Adjusted EBIT is net income before: (i) other operating revenues/expenses, net; (ii) financial result; and (iii) income tax and social contribution.

(\*\*) Adjusted EBITDA is net income before: (i) depreciation and amortization expenses; (ii) income tax and social contribution; (iii) financial result; and (iv) other operating revenues/expenses, net.

In 2Q16, net operating revenue, including construction revenue, reached R\$ 3.4 billion; a 21.8% increase compared to the same period of 2015.

Costs and expenses, including construction costs, totaled R\$ 2.6 billion, 11.3% higher than the R\$ 2.4 billion recorded in 2Q15.

Adjusted EBIT, in the amount of R\$ 822.9 million, grew 74.2% from R\$ 472.5 million recorded in 2Q15.

Adjusted EBITDA, in the amount of R\$ 1,117.1 million, increased 47.6% from R\$ 756.6 million recorded in 2Q15 (R\$ 3,885.1 million in the last 12 months).

The adjusted EBITDA margin was 32.5% in 2Q16, versus 26.8% in 2Q15 (30.1% in the last 12 months). Excluding construction revenues and construction costs, the adjusted EBITDA margin was 43.2% in 2Q16 (38.4% in 2Q15 and 40.0% in the last 12 months).

In 2Q16 the Company recorded a net income of R\$ 797.5 million, in comparison to a net income of R\$ 337.3 million in 2Q15.

## **2. Gross operating revenue**

Gross operating revenue from water and sewage, not including construction revenue, totaled R\$ 2.7 billion, an increase of R\$ 676.2 million or 33.0%, when compared to the R\$ 2.0 billion recorded in 2Q15.

The main factors that led to this variation were:

- 15.2% tariff increase (7.8% ordinary tariff adjustment and 6.9% extraordinary tariff revision) since June 2015;
- Tariff increase of 8.4% since May 2016;
- Lower bonus granted within the Water Consumption Reduction Incentive Program, concluded in April 2016, in the amount of R\$ 33.6 million in 2Q16, versus R\$ 231.0 million granted in 2Q15; and
- Increase of 5.4% in the Company's total billed volume (4.7% in water and 6.3% in sewage).

The increase driven by the above factors was offset by the lower application of the Contingency Tariff in 2Q16, which also ended in April, 2016, totaling R\$ 64.2 million in 2Q16 (R\$ 123 million in 2Q15).

### 3. Construction revenue

Construction revenue dropped R\$ 7.6 million or 0.8%, when compared to the previous year. The variation was mainly due to lower investments in the municipalities served by the Company.

### 4. Billed volume

The following tables show the water and sewage billed volume, quarter-on-quarter and semester-on-semester, per customer category and region.

#### WATER AND SEWAGE BILLED VOLUME <sup>(1)</sup> PER CUSTOMER CATEGORY - million m<sup>3</sup>

|                          |              |              |            |              |              |            |              |              |            |
|--------------------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|
| Residential              | 377.5        | 358.0        | 5.4        | 320.0        | 301.3        | 6.2        | 697.5        | 659.3        | 5.8        |
| Commercial               | 41.0         | 39.4         | 4.1        | 39.0         | 37.4         | 4.3        | 80.0         | 76.8         | 4.2        |
| Industrial               | 8.0          | 8.0          | -          | 9.8          | 9.7          | 1.0        | 17.8         | 17.7         | 0.6        |
| Public                   | 10.7         | 10.7         | -          | 9.4          | 8.4          | 11.9       | 20.1         | 19.1         | 5.2        |
| <b>Total retail</b>      | <b>437.2</b> | <b>416.1</b> | <b>5.1</b> | <b>378.2</b> | <b>356.8</b> | <b>6.0</b> | <b>815.4</b> | <b>772.9</b> | <b>5.5</b> |
| Wholesale <sup>(3)</sup> | 56.9         | 55.7         | 2.2        | 7.5          | 6.0          | 25.0       | 64.4         | 61.7         | 4.4        |
| <b>Total</b>             | <b>494.1</b> | <b>471.8</b> | <b>4.7</b> | <b>385.7</b> | <b>362.8</b> | <b>6.3</b> | <b>879.8</b> | <b>834.6</b> | <b>5.4</b> |
| Residential              | 758.0        | 727.1        | 4.2        | 640.4        | 609.9        | 5.0        | 1,398.4      | 1,337.0      | 4.6        |

|                          |              |              |            |              |              |            |                |                |            |
|--------------------------|--------------|--------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| Commercial               | 81.4         | 79.9         | 1.9        | 77.2         | 75.6         | 2.1        | 158.6          | 155.5          | 2.0        |
| Industrial               | 15.7         | 16.5         | (4.8)      | 19.2         | 19.6         | (2.0)      | 34.9           | 36.1           | (3.3)      |
| Public                   | 20.3         | 21.2         | (4.2)      | 17.8         | 16.5         | 7.9        | 38.1           | 37.7           | 1.1        |
| <b>Total retail</b>      | <b>875.4</b> | <b>844.7</b> | <b>3.6</b> | <b>754.6</b> | <b>721.6</b> | <b>4.6</b> | <b>1,630.0</b> | <b>1,566.3</b> | <b>4.1</b> |
| Wholesale <sup>(3)</sup> | 108.8        | 112.0        | (2.9)      | 13.2         | 12.4         | 6.5        | 122.0          | 124.4          | (1.9)      |
| <b>Total</b>             | <b>984.2</b> | <b>956.7</b> | <b>2.9</b> | <b>767.8</b> | <b>734.0</b> | <b>4.6</b> | <b>1,752.0</b> | <b>1,690.7</b> | <b>3.6</b> |

**WATER AND SEWAGE BILLED VOLUME <sup>(1)</sup> PER REGION - million m<sup>3</sup>**

|                          |              |              |            |              |              |            |                |                |            |
|--------------------------|--------------|--------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| Metropolitan             | 283.5        | 267.1        | 6.1        | 246.8        | 231.6        | 6.6        | 530.3          | 498.7          | 6.3        |
| Regional <sup>(2)</sup>  | 153.7        | 149.0        | 3.2        | 131.4        | 125.2        | 5.0        | 285.1          | 274.2          | 4.0        |
| <b>Total retail</b>      | <b>437.2</b> | <b>416.1</b> | <b>5.1</b> | <b>378.2</b> | <b>356.8</b> | <b>6.0</b> | <b>815.4</b>   | <b>772.9</b>   | <b>5.5</b> |
| Wholesale <sup>(3)</sup> | 56.9         | 55.7         | 2.2        | 7.5          | 6.0          | 25.0       | 64.4           | 61.7           | 4.4        |
| <b>Total</b>             | <b>494.1</b> | <b>471.8</b> | <b>4.7</b> | <b>385.7</b> | <b>362.8</b> | <b>6.3</b> | <b>879.8</b>   | <b>834.6</b>   | <b>5.4</b> |
| Metropolitan             | 562.5        | 535.1        | 5.1        | 488.3        | 462.6        | 5.6        | 1,050.8        | 997.7          | 5.3        |
| Regional <sup>(2)</sup>  | 312.9        | 309.6        | 1.1        | 266.3        | 259.0        | 2.8        | 579.2          | 568.6          | 1.9        |
| <b>Total retail</b>      | <b>875.4</b> | <b>844.7</b> | <b>3.6</b> | <b>754.6</b> | <b>721.6</b> | <b>4.6</b> | <b>1,630.0</b> | <b>1,566.3</b> | <b>4.1</b> |
| Wholesale <sup>(3)</sup> | 108.8        | 112.0        | (2.9)      | 13.2         | 12.4         | 6.5        | 122.0          | 124.4          | (1.9)      |
| <b>Total</b>             | <b>984.2</b> | <b>956.7</b> | <b>2.9</b> | <b>767.8</b> | <b>734.0</b> | <b>4.6</b> | <b>1,752.0</b> | <b>1,690.7</b> | <b>3.6</b> |

(1) Unaudited

(2) Including coastal and interior region

(3) Reused water volume and non-domestic sewage are included in

## 5. Costs, administrative, selling and construction expenses

In 2Q16, costs, administrative, selling and construction expenses, grew 11.3% (R\$ 265.1 million). Excluding construction costs, total costs and expenses increased by 18.6%.

As a percentage of net revenue, costs and expenses were 83.3% in 2Q15 and 76.1% in 2Q16.

|                                                           |                |                |               |              |                |                |
|-----------------------------------------------------------|----------------|----------------|---------------|--------------|----------------|----------------|
| Salaries and payroll charges and Pension plan obligations | 621.3          | 528.8          | 92.5          | 17.5         | 1,195.7        | 1,063.4        |
| General supplies                                          | 42.7           | 43.1           | (0.4)         | (0.9)        | 78.9           | 91.7           |
| Treatment supplies                                        | 66.3           | 63.6           | 2.7           | 4.2          | 141.4          | 135.9          |
| Services                                                  | 316.3          | 270.0          | 46.3          | 17.1         | 598.7          | 566.0          |
| Electricity                                               | 242.8          | 208.3          | 34.5          | 16.6         | 483.2          | 367.4          |
| General expenses                                          | 166.7          | 48.7           | 118.0         | 242.3        | 391.3          | 103.1          |
| Tax expenses                                              | 23.3           | 18.3           | 5.0           | 27.3         | 43.9           | 38.2           |
| São Paulo state government reimbursement                  | -              | -              | -             | -            | -              | (696.3)        |
| <b>Sub-total</b>                                          | <b>1,479.4</b> | <b>1,180.8</b> | <b>298.6</b>  | <b>25.3</b>  | <b>2,933.1</b> | <b>1,669.4</b> |
| Depreciation and amortization                             | 294.2          | 284.1          | 10.1          | 3.6          | 578.8          | 537.4          |
| Allowance for doubtful accounts                           | (35.6)         | 0.2            | (35.8)        | (17,900.0)   | 20.4           | 47.5           |
| <b>Sub-total</b>                                          | <b>258.6</b>   | <b>284.3</b>   | <b>(25.7)</b> | <b>(9.0)</b> | <b>599.2</b>   | <b>584.9</b>   |
| <b>Costs, administrative and selling expenses</b>         | <b>1,738.0</b> | <b>1,465.1</b> | <b>272.9</b>  | <b>18.6</b>  | <b>3,532.3</b> | <b>2,254.3</b> |
| Construction costs                                        | 877.4          | 885.2          | (7.8)         | (0.9)        | 1,489.8        | 1,461.6        |
| <b>Costs, adm., selling and construction expenses</b>     | <b>2,615.4</b> | <b>2,350.3</b> | <b>265.1</b>  | <b>11.3</b>  | <b>5,022.1</b> | <b>3,715.9</b> |
| % of net revenue                                          | 76.1           | 83.3           |               |              | 77.7           | 70.2           |

### 5.1. Salaries and payroll charges and Pension plan obligations

In 2Q16 increased R\$ 92.5 million or 17.5%, due to the following:

- R\$ 47.7 million, mainly due to the average wage increase of 9.7% since May 2015 and by the application of 1.0% related to the career and wage plan, since July 2015, and the wage increase of 10.03% since May 2016;
- R\$ 19.0 million in the provision for the pension plan, arising from changes in actuarial assumptions; and

- R\$ 11.7 million in expenses related to the Profit Sharing Program, due to a lower reversion of provision in 2Q16, as a result of achievements higher than the targets estimated for the period.

## 5.2. Services

Services expenses, in the amount of R\$ 316.3 million, grew R\$ 46.3 million or 17.1%, in comparison to R\$ 270.0 million in 2Q15. The main factors that led to this increase were:

- Estimate of service expenses, totaling R\$ 17.0 million, especially due to the higher expenses related to maintenance in water and sewage systems and connections and advertising campaigns in 2Q16;
- Water and sewage systems and connections maintenance, in the amount of R\$ 10.4 million; and
- Advertising campaigns, in the amount of R\$ 10.2 million.

## 5.3. Electricity

Electricity expenses totaled R\$ 242.8 million in 2Q16, an increase of R\$ 34.5 million or 16.6% in comparison to the R\$ 208.3 million in 2Q15. The main factors that contributed to this increase were:

- Average increase of 12.0% in the grid market tariffs (TUSD), with a 13.5% increase in consumption;
- Average increase of 20.8% in the free market tariff, with a 6.7% decrease in consumption; and
- Average increase of 6.1% in the regulated market tariffs, with a 8.4% increase in consumption.

In 2Q16 the grid market accounted for 28.4% of the total electricity consumed by the Company, the free market accounted for 31.2% and the regulated market accounted for 40.4% of total consumption.

#### **5.4. General expenses**

General expenses increased R\$ 118.0 million, totaling R\$ 166.7 million in 2Q16, versus the R\$ 48.7 million recorded in 2Q15, mainly due to:

- R\$ 81.0 million increase in the provision for lawsuits, mainly due to the reversion of R\$ 70.4 million in 2Q15; and
- Higher provision for the Municipal Fund for Environmental Sanitation and Infrastructure, in the amount of R\$ 31.5 million, as a result of the increase in revenues with the municipality of São Paulo.

#### **5.5. Tax expenses**

Increase of R\$ 5.0 million, largely due to the increase in the Municipal Property Tax (IPTU) in 2016, related to the properties in São Paulo.

#### **5.6. Depreciation and amortization**

R\$ 10.1 million increase or 3.6%, reaching R\$ 294.2 million in comparison to the R\$ 284.1 million recorded in 2Q15, largely due to the beginning of operations of intangible assets, in the amount of R\$ 2.4 billion.

#### **5.7. Allowance for doubtful accounts**

Decreased R\$ 35.8 million, mainly due to the reversal of the provision for losses with the municipalities of Guarulhos and Mauá in 2Q16, in the amount of R\$ 34.8 million and R\$ 3.4 million, respectively, as a result of the receipt of court-ordered debt payments in cash.

#### **6. Other operating revenues (expenses), net**

Other net operational revenues and expenses reported a positive variation of R\$ 4.5 million, mainly due to the following:

- Reduction of R\$ 17.5 million in other operating expenses, mainly due to the lower provision for the write-off of properties and projects and the lower surplus electricity cost in 2Q16, in the amounts of R\$ 6.0 million and R\$ 5.9 million, respectively; and
- R\$ 13.1 million decrease in other operating revenue, mainly due to the sale of surplus energy in 2Q15, non-recurring, in the amount of R\$ 15.8 million.

## 7. Financial result

|                                     | <i>R\$ million</i> |              |              |              |
|-------------------------------------|--------------------|--------------|--------------|--------------|
| Financial expenses, net of income   | (81.8)             | (64.5)       | (17.3)       | 26.8         |
| Net monetary and exchange variation | 454.5              | 219.9        | 234.6        | 106.7        |
| <b>Financial result</b>             | <b>372.7</b>       | <b>155.4</b> | <b>217.3</b> | <b>139.8</b> |

### 7.1. Financial income and expenses

|                                                           | <i>R\$ million</i> |                |               |              |
|-----------------------------------------------------------|--------------------|----------------|---------------|--------------|
| Financial expenses                                        |                    |                |               |              |
| Interest and charges on international loans and financing | (24.3)             | (25.1)         | 0.8           | (3.2)        |
| Interest and charges on domestic loans and financing      | (73.1)             | (81.0)         | 7.9           | (9.8)        |
| Other financial expenses                                  | (51.3)             | (48.9)         | (2.4)         | 4.9          |
| <b>Total financial expenses</b>                           | <b>(148.7)</b>     | <b>(155.0)</b> | <b>6.3</b>    | <b>(4.1)</b> |
| Financial income                                          | 66.9               | 90.5           | (23.6)        | (26.1)       |
| <b>Financial expenses net of income</b>                   | <b>(81.8)</b>      | <b>(64.5)</b>  | <b>(17.3)</b> | <b>26.8</b>  |

### 7.1.1. Financial expenses

Financial expenses dropped R\$ 6.3 million, mainly due to lower interest and charges on domestic loans and financing, in the amount of R\$ 7.9 million, from the decrease in the debt balance as a result of the previous amortization of the 19<sup>th</sup> debenture issue, in 1Q16.

### 7.1.2. Financial income

Decline of R\$ 23.6 million, arising from the reduction in the number of settlements in 2Q16, leading to a decline in the recognition of interest.

### 7.2. Monetary and exchange rate variation on assets and liabilities

|                                                        | <i>R\$ million</i> |              |              |              |
|--------------------------------------------------------|--------------------|--------------|--------------|--------------|
| Monetary variation on loans and financing              | (32.8)             | (41.6)       | 8.8          | (21.2)       |
| Currency exchange variation on loans and financing     | 460.8              | 208.9        | 251.9        | 120.6        |
| Other monetary variations                              | (11.4)             | 17.8         | (29.2)       | (164.0)      |
| <b>Monetary/exchange rate variation on liabilities</b> | <b>416.6</b>       | <b>185.1</b> | <b>231.5</b> | <b>125.1</b> |
| Monetary/exchange rate variation on assets             | 37.9               | 34.8         | 3.1          | 8.9          |
| <b>Monetary/exchange rate variation, net</b>           | <b>454.5</b>       | <b>219.9</b> | <b>234.6</b> | <b>106.7</b> |

The effect in 2Q16 was R\$ 231.5, higher than in 2Q15, especially due to:

- The positive variation of R\$ 251.9 million in expenses with exchange rate variation on loans and financing, due to the higher depreciation of the US dollar versus the Brazilian Real in 2Q16, when compared to the depreciation recorded in 2Q15 (-9.8% and -3.3%, respectively);
- Decrease in expenses with monetary variation on loans and financing, in the amount of R\$ 8.8 million, mainly due to the lower variation of the Amplified Consumer Price Index (IPCA) in 2Q16, when compared to the variation recorded in 2Q15 (1.75% and 2.26%, respectively); and

- Increase in other monetary variation, in the amount of R\$ 29.2 million, from the reversal of R\$ 25.6 million in provision for lawsuits in 2Q15.

## **8. Income tax and social contribution**

Grew R\$ 112.0 million, due to the increase in taxable income in 2Q16, when compared to 2Q15.

## **9. Indicators**

### **9.1. Operating**

The water produced volume recorded an upturn of 10.4% in the quarter and 9.6% in the semester.

Regarding water losses, the loss related to micrometering increased from 28.5% in 2Q15 to 30.7% in 2Q16. The 2Q15 figure was influenced not only by loss control initiatives, but also by the management of demand due to the water crisis and the consequent need to reduce network pressures.

|                                                      |        |        |      |
|------------------------------------------------------|--------|--------|------|
| Water connections <sup>(1)</sup>                     | 8,527  | 8,310  | 2.6  |
| Sewage connections <sup>(1)</sup>                    | 6,970  | 6,753  | 3.2  |
| Population directly served - water <sup>(2)</sup>    | 25.7   | 25.4   | 1.2  |
| Population directly served - sewage <sup>(2)</sup>   | 23.0   | 22.6   | 1.8  |
| Number of employees                                  | 14,227 | 14,147 | 0.6  |
| Water volume produced in the quarter <sup>(3)</sup>  | 669    | 606    | 10.4 |
| Water volume produced in the semester <sup>(3)</sup> | 1,336  | 1,219  | 9.6  |
| IPM - Measured water loss (%)                        | 30.7   | 28.5   | 7.7  |
| IPDt (liters/connection x day)                       | 287    | 272    | 5.5  |

(1) Total connections, active and inactive, in thousand units at the end of the period

(2) In million inhabitants, at the end of the period. Not including wholesale

(3) In million of cubic meters

(\*) Unaudited

## 9.2. Financial

|                                                |         |         |
|------------------------------------------------|---------|---------|
| Accumulated Amplified Consumer Price Index (%) | 1.75    | 2.26    |
| Accumulated Referential Rate (%)               | 0.49    | 0.40    |
| Interbank Deposit Certificate (%)              | 14.13   | 13.64   |
| US DOLAR (R\$)                                 | 3.2098  | 3.1026  |
| YEN (R\$)                                      | 0.03123 | 0.02541 |

(\*) Unaudited

## 10. Loans and financing

In the second quarter of 2016, the “Adjusted Total Debt / Adjusted EBITDA” ratio came to 3.0 times, versus 3.27 times in the same quarter of 2015. Foreign exchange exposure stood at 48.3% in 2Q16, versus 46.2% in 2Q15. It is worth noting that the exchange rate closed 2Q16 at R\$ 3.2098, slightly higher than the R\$ 3.1026 observed in 2Q15.

*R\$ million*

**Local currency**

|                                |              |              |                |                |              |              |                |                |
|--------------------------------|--------------|--------------|----------------|----------------|--------------|--------------|----------------|----------------|
| Caixa Econômica Federal        | 26.6         | 56.9         | 60.8           | 62.6           | 64.7         | 67.9         | 768.8          | 1,108.3        |
| Debentures                     | 66.5         | 594.1        | 883.0          | 990.5          | 411.6        | 195.2        | 426.6          | 3,567.5        |
| BNDES                          | 41.4         | 82.8         | 84.8           | 87.5           | 69.7         | 69.3         | 340.3          | 775.8          |
| Leasing                        | 7.2          | 25.8         | 27.1           | 28.5           | 30.0         | 31.7         | 398.7          | 549.0          |
| Others                         | 0.3          | 0.7          | 1.4            | 1.4            | 1.4          | 1.4          | 5.3            | 11.9           |
| Interest and other charges     | 50.6         | 32.9         | -              | -              | -            | -            | -              | 83.5           |
| <b>Total in local currency</b> | <b>192.6</b> | <b>793.2</b> | <b>1,057.1</b> | <b>1,170.5</b> | <b>577.4</b> | <b>365.5</b> | <b>1,939.7</b> | <b>6,096.0</b> |

**Foreign currency**

|                                  |              |                |                |                |                |              |                |                 |
|----------------------------------|--------------|----------------|----------------|----------------|----------------|--------------|----------------|-----------------|
| IADB                             | 61.2         | 184.4          | 103.8          | 103.8          | 103.9          | 103.8        | 1,112.1        | 1,773.0         |
| IBRD                             | -            | -              | -              | 6.5            | 13.1           | 13.1         | 163.3          | 196.0           |
| Eurobonds                        | 449.3        | -              | -              | -              | 1,119.7        | -            | -              | 1,569.0         |
| JICA                             | 34.2         | 69.7           | 71.0           | 114.8          | 114.8          | 114.8        | 1,260.5        | 1,779.8         |
| BID 1983AB                       | -            | 76.9           | 76.0           | 56.8           | 54.7           | 24.7         | 47.0           | 336.1           |
| Interest and other charges       | 36.9         | -              | -              | -              | -              | -            | -              | 36.9            |
| <b>Total in foreign currency</b> | <b>581.6</b> | <b>331.0</b>   | <b>250.8</b>   | <b>281.9</b>   | <b>1,406.2</b> | <b>256.4</b> | <b>2,582.9</b> | <b>5,690.8</b>  |
| <b>Total</b>                     | <b>774.2</b> | <b>1,124.2</b> | <b>1,307.9</b> | <b>1,452.4</b> | <b>1,983.6</b> | <b>621.9</b> | <b>4,522.6</b> | <b>11,786.8</b> |

## 11. Capex

In the second quarter of 2016, the Company invested R\$ 901.6 million, totaling R\$ 1.6 billion in the first six months of 2016.

## 12. Conference calls

### In Portuguese

#### **August 16, 2016**

9:30 (US EST) / 10:30 (Brasília)

Dial in: 55 (11) 3127-4971 or

55 (11) 3728-5971

Conference ID: Sabesp

Replay available for 7 days

Dial in: 55 (11) 3127-4999

Replay ID: 29397441

[Click here to access the webcast](#)

### In English

#### **August 16, 2016**

1:00 pm (US EST) / 2:00 pm (Brasília)

Dial in: 1 (412) 317-5486

Conference ID: Sabesp

Replay available for 7 days

Dial in: 1(412) 317-0088

Replay ID: 10088123

[Click here to access the webcast](#)

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*Statements contained in this press release may contain information that is forward-looking and reflects management's current view and estimates of future economic circumstances, industry conditions, SABESP performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this press release that do not describe historical facts, such as statements regarding the declaration or payment of dividends, the direction of future operations, the implementation of principal operating and financing strategies and capital expenditure plans, the factors or trends affecting financial condition, liquidity or results of operations are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.*

**Income Statement****Brazilian Corporate Law****R\$ '000**

|                                                           |                  |                  |
|-----------------------------------------------------------|------------------|------------------|
| <b>Net Operating Income</b>                               | <b>3,438,589</b> | <b>2,822,852</b> |
| Operating Costs                                           | (2,267,151)      | (2,105,409)      |
| <b>Gross Profit</b>                                       | <b>1,171,438</b> | <b>717,443</b>   |
| <b>Operating Expenses</b>                                 |                  |                  |
| Selling                                                   | (134,942)        | (146,971)        |
| Administrative revenue (expenses)                         | (213,278)        | (97,932)         |
| Other operating revenue (expenses), net                   | 16,183           | 11,777           |
| <b>Operating Income Before Shareholdings</b>              | <b>839,401</b>   | <b>484,317</b>   |
| Equity Result                                             | (334)            | (115)            |
| <b>Earnings Before Financial Results, net</b>             | <b>839,067</b>   | <b>484,202</b>   |
| Financial, net                                            | (88,153)         | (53,569)         |
| Exchange gain (loss), net                                 | 460,873          | 208,961          |
| <b>Earnings before Income Tax and Social Contribution</b> | <b>1,211,787</b> | <b>639,594</b>   |
| <b>Income Tax and Social Contribution</b>                 |                  |                  |
| Current                                                   | (412,214)        | (225)            |
| Deferred                                                  | (2,042)          | (302,054)        |
| <b>Net Income (loss) for the period</b>                   | <b>797,531</b>   | <b>337,315</b>   |
| <b>Registered common shares ('000)</b>                    | <b>683,509</b>   | <b>683,509</b>   |
| <b>Earnings per shares - R\$ (per share)</b>              | <b>1.17</b>      | <b>0.49</b>      |
| <b>Depreciation and Amortization</b>                      | <b>(294,182)</b> | <b>(284,087)</b> |
| <b>Adjusted EBITDA</b>                                    | <b>1,117,066</b> | <b>756,512</b>   |
| % over net revenue                                        | 32.5%            | 26.8%            |

**Net Operating Income Breakdown****R\$ '000**

|                                             |                  |                  |
|---------------------------------------------|------------------|------------------|
| <b>Gross operating income</b>               | <b>3,620,621</b> | <b>2,952,002</b> |
| Water suply - retail                        | 1,435,720        | 1,116,535        |
| Water suply - wholesale                     | 22,082           | 11,261           |
| Sewage collection and treatment             | 1,215,626        | 880,702          |
| Sewage collection and treatment - wholesale | 9,875            | 4,816            |
| Construction revenue - water                | 632,749          | 551,489          |
| Construction revenue - sewage               | 264,410          | 353,271          |
| Other services                              | 40,159           | 33,928           |
| Gross sales deductions (Cofins/Pasep)       | (182,032)        | (129,150)        |
| <b>Net operating income</b>                 | <b>3,438,589</b> | <b>2,822,852</b> |



**Balance Sheet****Brazilian Corporate Law****R\$ '000****Current assets**

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Cash and cash equivalents        | 1,374,400        | 1,639,214        |
| Trade receivables                | 1,500,225        | 1,326,972        |
| Related parties and transactions | 157,339          | 156,155          |
| Inventories                      | 49,757           | 64,066           |
| Restricted cash                  | 26,679           | 29,156           |
| Current recoverable taxes        | 11,669           | 77,828           |
| Other receivables                | <u>92,730</u>    | <u>156,942</u>   |
| <b>Total current assets</b>      | <b>3,212,799</b> | <b>3,450,333</b> |

**Noncurrent assets**

|                                             |                   |                   |
|---------------------------------------------|-------------------|-------------------|
| Trade receivables                           | 166,683           | 182,616           |
| Related parties and transactions            | 719,571           | 715,952           |
| Escrow deposits                             | 79,982            | 76,663            |
| Deferred income tax and social contribution | 125,155           | 128,242           |
| Water National Agency – ANA                 | 80,627            | 88,368            |
| Other receivables                           | 119,427           | 140,676           |
| Equity investments                          | 28,845            | 28,105            |
| Investment properties                       | 58,560            | 56,957            |
| Intangible assets                           | 29,501,360        | 28,513,626        |
| Property, plant and equipment               | <u>324,211</u>    | <u>325,076</u>    |
| <b>Total noncurrent assets</b>              | <b>31,204,421</b> | <b>30,256,281</b> |

**Total assets****34,417,220 33,706,614****Current liabilities**

|                                           |                  |                  |
|-------------------------------------------|------------------|------------------|
| Trade payables                            | 236,626          | 248,158          |
| Borrowings and financing                  | 1,595,718        | 1,526,262        |
| Accrued payroll and related charges       | 374,154          | 347,976          |
| Taxes and contributions                   | 329,185          | 107,295          |
| Dividends and interest on capital payable | 103              | 127,441          |
| Provisions                                | 676,349          | 631,890          |
| Services payable                          | 403,546          | 387,279          |
| Public-Private Partnership – PPP          | 34,367           | 33,255           |
| Program Contract Commitments              | 116,054          | 228,659          |
| Other liabilities                         | <u>79,693</u>    | <u>102,101</u>   |
| <b>Total current liabilities</b>          | <b>3,845,795</b> | <b>3,740,316</b> |

**Noncurrent liabilities**

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Borrowings and financing            | 10,191,065        | 11,595,338        |
| Deferred Cofins and Pasep           | 133,491           | 132,921           |
| Provisions                          | 474,095           | 450,324           |
| Pension obligations                 | 2,948,701         | 2,832,216         |
| Public-Private Partnership – PPP    | 1,461,801         | 1,001,778         |
| Program Contract Commitments        | 97,236            | 92,055            |
| Other liabilities                   | <u>133,563</u>    | <u>145,060</u>    |
| <b>Total noncurrent liabilities</b> | <b>15,439,952</b> | <b>16,249,692</b> |

**Total liabilities**

**19,285,747 19,990,008**

**Equity**

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Paid-up capital            | 10,000,000        | 10,000,000        |
| Profit reserve             | 4,058,535         | 4,069,988         |
| Other comprehensive income | (353,382)         | (353,382)         |
| Retained earnings          | <u>1,426,320</u>  | <u>-</u>          |
| <b>Total equity</b>        | <b>15,131,473</b> | <b>13,716,606</b> |

**Total equity and liabilities**

**34,417,220 33,706,614**

## Cash Flow

### Brazilian Corporate Law

#### Cash flow from operating activities

##### Adjustment for:

##### Profit before income tax and social contribution

Depreciation and amortization  
 Residual value of property, plant and equipment and intangible assets written off  
 Allowance for doubtful accounts  
 Provision and inflation adjustment  
 Interest calculated on loans and financing payable  
 Inflation adjustment and foreign exchange gains (losses) on loans and financing  
 Interest and inflation adjustment losses  
 Interest and inflation adjustment gains  
 Financial charges from customers  
 Margin on intangible assets arising from concession  
 Provision for Consent Decree (TAC)  
 Equity result  
 Provision from São Paulo agreement  
 Provision for defined contribution plan  
 Pension obligations  
 Other adjustments  
 GESP Agreement

##### Changes in assets

Trade accounts receivable  
 Accounts receivable from related parties  
 Inventories  
 Recoverable taxes  
 Escrow deposits  
 Other accounts receivable

##### Changes in liabilities

Trade payables and contractors  
 Services received  
 Accrued payroll and related charges  
 Taxes and contributions payable  
 Deferred Cofins/Pasep  
 Provisions  
 Pension obligations  
 Other liabilities

#### Cash generated from operations

Interest paid  
Income tax and contribution paid

**Net cash generated from operating activities**

**Cash flows from investing activities**

Acquisition of intangibles  
Restricted cash  
Investment increase  
Dividends received  
Purchases of tangible assets

**Net cash used in investing activities**

**Cash flow from financing activities**

Loans and financing  
Proceeds from loans  
Repayments of loans  
Payment of interest on shareholders' equity  
Public-Private Partnership – PPP  
Program Contract Commitments

**Net cash generated by (used in) financing activities**

**Cash reduce and cash equivalents**

**Represented by:**

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

**Cash reduce and cash equivalents**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city São Paulo, Brazil.

Date: August 12, 2016

**Companhia de Saneamento Básico do Estado de São Paulo - SABESP**

By: /s/ Rui de Britto Álvares Affonso

Name: Rui de Britto Álvares Affonso

Title: Chief Financial Officer and Investor Relations Officer

**FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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