

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

May 15, 2013

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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 May 9, 2013**  
**(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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**SABESP announces 1Q13 results**

São Paulo, May 9, 2013 - **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 results for the **first quarter 2013 (1Q13)**. 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 2012.

SBSP3: R\$ 27.50 /  
share  
SBS: US\$ 13.87  
(ADR=2 shares)  
Total shares:  
683,509,869  
Market Value: R\$ 18.7  
billion  
Closing Price:  
05/09/2013

**1. Financial highlights**

|   | <b>R\$ million</b> |         |        |        |
|---|--------------------|---------|--------|--------|
| (+) Operating revenue before construction revenue           | 2,189.4            | 2,318.8 | 129.4  | 5.9    |
| (+) Construction revenue                                    | 550.9              | 495.6   | (55.3) | (10.0) |
| (=) Gross operating revenue                                 | 2,740.3            | 2,814.4 | 74.1   | 2.7    |
| (-) COFINS and PASEP taxes                                  | 162.6              | 169.4   | 6.8    | 4.2    |
| (=) Net operating revenue                                   | 2,577.7            | 2,645.0 | 67.3   | 2.6    |
| (-) Costs, administrative and selling expenses              | 1,334.8            | 1,432.6 | 97.8   | 7.3    |
| (-) Construction costs                                      | 539.4              | 486.0   | (53.4) | (9.9)  |
| (=) Costs, adm. and selling expenses and construction costs | 1,874.2            | 1,918.6 | 44.4   | 2.4    |
| (+) Equity result   | (1.8)              | (0.1)   | 1.7    | -      |
| (=) Earnings before financial expenses (EBIT*)              | 701.7              | 726.3   | 24.6   | 3.5    |
| (+) Depreciation and amortization                           | 186.5              | 195.2   | 8.7    | 4.7    |
| (=) Adjusted EBITDA (**)                                    | 888.2              | 921.5   | 33.3   | 3.7    |
| (%) EBITDA margin   | 34.5               | 34.8    |        |        |
| Net income  | 491.9              | 496.2   | 4.3    | 0.9    |
| Total shares (thousand)                                     | 683,509            | 683,509 |        |        |
| Earnings per share (R\$)                                    | 0.72               | 0.73    |        |        |

(\*) Earnings before interest and taxes

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

|                                    | <b>R\$ million</b> |        |       |        |
|------------------------------------|--------------------|--------|-------|--------|
| Net income                         | 491.9              | 496.2  | 4.3   | 0.9    |
| Financial result                   | (45.0)             | (27.3) | 17.7  | (39.3) |
| Depreciation and amortization      | 186.5              | 195.2  | 8.7   | 4.7    |
| Income tax and social contribution | 263.3              | 266.2  | 2.9   | 1.1    |
| Other operating expenses, net      | (8.5)              | (8.8)  | (0.3) | 3.5    |
| (=) EBITDA **                      | 888.2              | 921.5  | 33.3  | 3.7    |
| (%) EBITDA margin                  | 34.5               | 34.8   |       |        |

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

In 1Q13, net operating revenue reached R\$ 2.6 billion, a 2.6% growth compared to 1Q12.

Costs and expenses, including construction costs, in the amount of R\$ 1.9 billion grew 2.4% over 1Q12.

EBIT grew 3.5%, from R\$ 701.7 million in 1Q12 to R\$ 726.3 million in 1Q13.

Adjusted EBITDA increased 3.7%, from R\$ 888.2 million in 1Q12 to R\$ 921.5 million in 1Q13.

The adjusted EBITDA margin was 34.8% in 1Q13 in comparison to 34.5% in 1Q12. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 42.4% in 1Q13 (43.3% in 1Q12).

Net income reached R\$ 496.2 million in 1Q13, 0.9% higher than in 1Q12.

## 2. Gross operating revenue

Gross operating revenue from water supply and sewage collection grew from R\$ 2.2 billion in 1Q12 to R\$ 2.3 billion in 1Q13, an increase of R\$ 129.4 million or 5.9%.

The main factors that led to this variation were: the increase of 2.0% in the Company's billed volume (2.1% in water billed volume and 1.9% in sewage billed volume), and the tariff adjustment of 5.15% since September 2012.

## 3. Construction revenue

In 1Q13, construction revenue decreased R\$ 55.3 million or 10.0%, comparing to 1Q12. This variation was mainly due to lower investments in 1Q13.

## 4. Billed volume

The following tables show the billed water and sewage volume per customer category and region in 1Q12 and 1Q13.

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

|                     |              |              |            |              |              |            |              |              |            |
|---------------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|
| Residential         | 384.6        | 389.0        | 1.1        | 315.2        | 321.2        | 1.9        | 699.8        | 710.2        | 1.5        |
| Commercial          | 42.9         | 43.1         | 0.5        | 39.7         | 40.0         | 0.8        | 82.6         | 83.1         | 0.6        |
| Industrial          | 9.6          | 9.6          | -          | 10.4         | 10.6         | 1.9        | 20.0         | 20.2         | 1.0        |
| Public              | 13.2         | 12.9         | (2.3)      | 10.1         | 10.1         | -          | 23.3         | 23.0         | (1.3)      |
| <b>Total retail</b> | <b>450.3</b> | <b>454.6</b> | <b>1.0</b> | <b>375.4</b> | <b>381.9</b> | <b>1.7</b> | <b>825.7</b> | <b>836.5</b> | <b>1.3</b> |
| Wholesale           | 73.3         | 74.5         | 1.6        | 6.4          | 7.3          | 14.1       | 79.7         | 81.8         | 2.6        |
| Reused water        | 0.1          | 5.6          | -          | -            | -            | -          | 0.1          | 5.6          | -          |
| <b>Total</b>        | <b>523.7</b> | <b>534.7</b> | <b>2.1</b> | <b>381.8</b> | <b>389.2</b> | <b>1.9</b> | <b>905.5</b> | <b>923.9</b> | <b>2.0</b> |

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

|                         |              |              |            |              |              |            |              |              |            |
|-------------------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|
| Metropolitan            | 293.2        | 296.8        | 1.2        | 248.3        | 252.3        | 1.6        | 541.5        | 549.1        | 1.4        |
| Regional <sup>(2)</sup> | 157.1        | 157.8        | 0.4        | 127.1        | 129.6        | 2.0        | 284.2        | 287.4        | 1.1        |
| <b>Total retail</b>     | <b>450.3</b> | <b>454.6</b> | <b>1.0</b> | <b>375.4</b> | <b>381.9</b> | <b>1.7</b> | <b>825.7</b> | <b>836.5</b> | <b>1.3</b> |
| Wholesale               | 73.3         | 74.5         | 1.6        | 6.4          | 7.3          | 14.1       | 79.7         | 81.8         | 2.6        |

|              |              |              |            |              |              |            |              |              |            |
|--------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|
| Reused water | 0.1          | 5.6          | -          | -            | -            | -          | 0.1          | 5.6          | -          |
| <b>Total</b> | <b>523.7</b> | <b>534.7</b> | <b>2.1</b> | <b>381.8</b> | <b>389.2</b> | <b>1.9</b> | <b>905.5</b> | <b>923.9</b> | <b>2.0</b> |

(1) Unaudited

(2) Including coastal and countryside

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

In 1Q13, costs of products and services, administrative, selling and construction expenses grew 2.4% (R\$ 44.4 million). Excluding construction costs, total costs and expenses grew 7.3%. As a percentage of net revenue, cost and expenses moved from 72.7% in 1Q12 to 72.5% in 1Q13.

|   | <i>R\$ million</i> |                |             |            |
|---|--------------------|----------------|-------------|------------|
| Payroll and benefits  | 406.3              | 461.8          | 55.5        | 13.7       |
| Supplies  | 40.5               | 44.3           | 3.8         | 9.4        |
| Treatment supplies  | 44.6               | 64.9           | 20.3        | 45.5       |
| Services  | 265.0              | 228.7          | (36.3)      | (13.7)     |
| Electric power  | 150.3              | 144.8          | (5.5)       | (3.7)      |
| General expenses  | 167.8              | 215.4          | 47.6        | 28.4       |
| Tax expenses  | 35.0               | 40.1           | 5.1         | 14.6       |
| <b>Sub-total</b>  | <b>1,109.5</b>     | <b>1,200.0</b> | <b>90.5</b> | <b>8.2</b> |
| Depreciation and amortization                                   | 186.5              | 195.2          | 8.7         | 4.7        |
| Credit write-offs   | 38.8               | 37.4           | (1.4)       | (3.6)      |
| <b>Sub-total</b>  | <b>1,334.8</b>     | <b>1,432.6</b> | <b>97.8</b> | <b>7.3</b> |
| Construction costs  | 539.4              | 486.0          | (53.4)      | (9.9)      |
| <b>Costs, administrative, selling and construction expenses</b> | <b>1,874.2</b>     | <b>1,918.6</b> | <b>44.4</b> | <b>2.4</b> |
| % over net revenue  | 72.7               | 72.5           |             |            |

### 5.1. Payroll and benefits

In 1Q13 payroll and benefits grew R\$ 55.5 million or 13.7%, from R\$ 406.3 million to R\$ 461.8 million, due to the following:

- 6.17% increase in wages since May 2012, with an impact of approximately R\$ 33.0 million;
- Provision for vacation with a R\$ 4.3 million impact, due to the increases in wages and headcount;
- R\$ 5.0 million increase in overtime pay; and

- R\$ 9.3 million upturn in the provision for the Defined Benefit Plan, arising from changes in actuarial assumptions.

## **5.2. Supplies**

In 1Q13, expenses with supplies increased by R\$ 3.8 million or 9.4%, when compared to the previous year, from R\$ 40.5 million to R\$ 44.3 million, mostly due to: (i) preventive and corrective maintenance in water and sewage systems, in the amount of R\$ 2.0 million; and (ii) R\$ 1.0 million higher spending on property and facility upkeep in administrative and operating areas.

## **5.3. Treatment supplies**

Treatment supplies expenses in 1Q13 were R\$ 20.3 million or 45.5% higher than in 1Q12, from R\$ 44.6 million to R\$ 64.9 million. The main factors for this variation were:

- Increase of R\$ 5.5 million due to the higher consumption of aluminum polychloride, mainly used at the Water Treatment Station of Guaraú, ensuring water quality in maximum flow;



- Higher consumption of activated carbon, with an increase of R\$ 3.2 million, due to weather and watershed conditions, and a price increase of approximately 11.73%;
- Higher consumption of lime, due to the higher treated volume, associated with the price increase of approximately 7%, leading to a net upturn of R\$ 1.7 million;
- Higher consumption of iron chloride, with a net addition of R\$ 1.3 million, in order to meet the quality parameters of the treatment of the water resulting from the strong rain in the city of Cubatão; and
- Increase of R\$ 8.7 million from the consumption of products, such as: (i) hydrogen peroxide, due to the startup of 2 sewage pumping stations in Guarujá; (ii) sodium hypochlorite as a replacement of chlorine gas, due to the increased efficiency and security related to the use of a less dangerous product; and (iii) chlorine, arising from the increase in turbidity and color at the Guaraú Water Treatment Station.

#### **5.4. Services**

In 1Q13 this item decreased R\$ 36.3 million or 13.7%, from R\$ 265.0 million in 1Q12 to R\$ 228.7 million in 1Q13. The main factors were:

- Decrease of R\$ 38.3 million, due to the reversal of the provision for expenses, following the end of the partnership with the São Paulo Municipal Government.
- Decline of R\$ 4.3 million in expenses with risk credit recovery contracts, due to the discontinuation of these contracts in several Business Units; and
- Decrease in paving services and replacement of sidewalks in the amount of R\$ 4.2 million, due to the conclusion of the paving contract with the São Bernardo do Campo Municipal Government, whose services were included in Global Sourcing.

The following services presented increases:

- Preventive and corrective maintenance in the water and sewage systems in the amount of R\$ 4.6 million; and
- Increase of R\$ 2.0 million due to the new contracts of the Program for the Rational Use of Water – PURA in municipal entities.

#### **5.5. Electric power**

In 1Q13, this item decreased R\$ 5.5 million, or 3.7%, from R\$ 150.3 million in 1Q12 to R\$ 144.8 million in 1Q13, due to the average decrease of approximately 25.5% in the Tariff for the Use of Distribution System (TUSD), of the consumption units by the Free Market, as a consequence of Provisional Presidential Decree 579/12 and Law 12,783/13.

## **5.6. General expenses**

In 1Q13 general expenses increased R\$ 47.6 million or 28.4%, from R\$ 167.8 million in 1Q12 to R\$ 215.4 million in 1Q13, due to:

- Provision for lawsuits, in the amount of R\$ 24.6 million;
- Agreements for environmental compensation, in the amount of R\$ 17.3 million; and
- Provision for payment to the municipal fund pursuant to the Service Agreement with the São Paulo Municipal Government, in the amount of R\$ 5.0 million.

## **5.7. Depreciation and Amortization**

Depreciation and amortization increased R\$ 8.7 million or 4.7%, from R\$ 186.5 million in 1Q12 to R\$ 195.2 million in 1Q13, due to the higher transfer of works to the operating intangible asset in the period.

## 5.8. Credit write-offs

In 1Q13 credit write-offs decreased R\$ 1.4 million or 13.7%, from R\$ 38.8 million in 1Q12 to R\$ 33.5 million in 1Q13, chiefly due to the lower need for provision.

## 5.9. Tax expenses

In 1Q13 tax expenses grew R\$ 5.1 million or 14.6%, mainly in the municipality of São Paulo, due to: (i) 5.4% adjustment in the Municipal Real Estate Tax (IPTU) by the São Paulo Municipal Government; and (ii) expansion of the Centro Business Unit.

## 6. Financial revenues and expenses

|   | <i>R\$ million</i> |              |               |               |
|---|--------------------|--------------|---------------|---------------|
| Financial expenses  |                    |              |               |               |
| Interest and charges on domestic loans and financing      | 82.2               | 82.5         | 0.3           | 0.4           |
| Interest and charges on international loans and financing | 20.0               | 18.4         | (1.6)         | (8.0)         |
| Interest rate over lawsuit                                | 52.5               | 27.2         | (25.3)        | (48.2)        |
| Other financial expenses                                  | 15.8               | 14.1         | (1.7)         | (10.8)        |
| <b>Total financial expenses</b>                           | <b>170.5</b>       | <b>142.2</b> | <b>(28.3)</b> | <b>(16.6)</b> |
| Financial revenues  | 75.8               | 64.4         | (11.4)        | (15.0)        |
| <b>Financial expenses net of revenues</b>                 | <b>94.7</b>        | <b>77.8</b>  | <b>(16.9)</b> | <b>(17.8)</b> |

### 6.1. Financial expenses

In 1Q13 financial expenses dropped R\$ 28.3 million, or 16.6%. The main reason for this result was the lower interest related to lawsuits, mainly regarding suppliers and contractors.

**6.2. Financial revenues**

Financial revenues decreased by R\$ 11.4 million, due to:

- Decrease of R\$ 21.8 million in interest from financial investments, due to the gradual reduction in the interest rates and the lower cash availability in the period; and
- Increase of R\$ 6.3 million in interest revenue, related to the period between the date of the 17<sup>th</sup> debenture issue, in January 2013, and its respective financial settlement in February 2013.

**7. Monetary variation on assets and liabilities**

|  | <i>R\$ million</i> |                |             |               |
|--|--------------------|----------------|-------------|---------------|
| Monetary variation on loans and financing          | 8.5                | 24.1           | 15.6        | 183.5         |
| Currency exchange variation on loans and financing | (159.2)            | (129.6)        | 29.6        | (18.6)        |
| Other monetary/exchange rate variations            | 22.5               | 29.4           | 6.9         | 30.7          |
| <b>Variation on Liabilities</b>                    | <b>(128.2)</b>     | <b>(76.1)</b>  | <b>52.1</b> | <b>(40.6)</b> |
| Variation on assets                                | 11.5               | 29.0           | 17.5        | 152.2         |
| <b>Net Variation</b>                               | <b>(139.7)</b>     | <b>(105.1)</b> | <b>34.6</b> | <b>(24.8)</b> |

## **7.1. Monetary variation on liabilities**

The effect on the monetary variation on liabilities in 1Q13 was R\$ 52.1 million higher than in 1Q12, specially:

- Increase in the exchange rate variation on loans and financing, in the amount of R\$ 29.6 million, due to: (i) the lower appreciation of the Brazilian Real versus the US Dollar in 1Q13 (1.4%), compared with 2.9% in 1Q12; and (ii) the 10.0% appreciation of the Brazilian Real versus the Yen in 1Q13 (9.0% appreciation in 1Q12);
- Monetary variation on domestic loans and financing increasing by R\$ 15.6 million, mainly due to: (i) the increase in debt following the 17<sup>th</sup> debenture issue in February 2013; and (ii) the 1.9% IPCA rate variation in 1Q13 compared to the 1.2% variation in the same period in 2012; and
- Expenses relating to lawsuits in the amount of R\$ 4.7 million.

## **7.2. Monetary variation on assets**

Monetary variation on assets increased by R\$ 17.5 million in 1Q13 over 1Q12, chiefly due to:

- R\$ 6.8 million related to the period between the date of the 17<sup>th</sup> debenture issue (January 2013) and its financial settlement (February 2013); and
- R\$ 6.5 million related to the restatement of judicial deposits, arising from the increase in deposits related to contingencies.

## **8. Operating indicators**

Referring to water loss ratio, it remains in line and ended the quarter at 25.5%.

It is worth noting that the Corporate Program for Water Loss Reduction raised a new loan with JICA in February 2012 amounting to R\$ 710 million. The funds will support the contracting of measures foreseen in the 1<sup>st</sup> Phase of the Program, and its implementation is scheduled for the 2<sup>nd</sup> half of 2013, when the resumption of ratio drop is expected.

|  |        |        |       |
|--|--------|--------|-------|
| Water connections <sup>(1)</sup>                   | 7,526  | 7,726  | 2.7   |
| Sewage connections <sup>(1)</sup>                  | 5,965  | 6,172  | 3.5   |
| Population directly served - water <sup>(2)</sup>  | 24.0   | 24.3   | 1.3   |
| Population directly served - sewage <sup>(2)</sup> | 20.6   | 21.1   | 2.4   |
| Number of employees                                | 14,725 | 15,065 | 2.3   |
| Water volume produced <sup>(3)</sup>               | 770    | 762    | (1.0) |
| Water losses (%)                                   | 25.7   | 25.5   | (0.8) |

(1) In thousand units

(2) In million inhabitants. Not including wholesale

(3) In millions of cubic meters.

\* Unaudited

## 9. Loans and financing

SABESP is negotiating with the Brazilian Federal Savings Bank (CEF) and the Brazilian Development Bank (BNDES) to take out 21 loan operations in order to execute projects selected in March 2013 by the Ministry of Cities within the scope of the Growth Acceleration Plan for 2012 and 2013. Total investments are approximately R\$2.7 million, of which R\$2.4 million are to be financed by CEF and BNDES and R\$300 million as SABESP's counterpart. Funds will be mainly applied in works of Tietê Project, *Onda Limpa* Program and Water Metropolitan Program. The loan agreements will be formalized during the second half of 2013.

*R\$ million*

|                                   |              |              |              |              |              |              |                |                |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| <b>Local market</b>               |              |              |              |              |              |              |                |                |
| Banco do Brasil                   | 288.5        | 100.3        | -            | -            | -            | -            | -              | 388.8          |
| Caixa Econômica Federal           | 87.8         | 79.6         | 58.1         | 57.5         | 60.2         | 63.7         | 628.3          | 1,035.2        |
| Debentures                        | -            | -            | 594.3        | 234.9        | 236.9        | 402.4        | 841.7          | 2,310.2        |
| Debentures BNDES                  | 30.7         | 56.8         | 72.6         | 72.6         | 72.6         | 72.6         | 193.8          | 571.7          |
| Debentures FI FGTS                | -            | 22.7         | 45.4         | 45.5         | 45.5         | 45.5         | 294.9          | 499.5          |
| BNDES                             | 33.0         | 44.8         | 45.8         | 46.2         | 46.2         | 46.2         | 184.5          | 446.7          |
| Others                            | 0.5          | 0.5          | 0.6          | 0.6          | 0.7          | 0.5          | 281.2          | 284.6          |
| Interest and charges              | 37.8         | 9.4          | -            | -            | -            | -            | -              | 47.2           |
| <b>Local market total</b>         | <b>478.3</b> | <b>314.1</b> | <b>816.8</b> | <b>457.3</b> | <b>462.1</b> | <b>630.9</b> | <b>2,424.4</b> | <b>5,583.9</b> |
| <b>International market</b>       |              |              |              |              |              |              |                |                |
| BID                               | 66.5         | 76.8         | 76.8         | 76.8         | 88.6         | 38.1         | 435.0          | 858.6          |
| BIRD                              | -            | -            | -            | -            | -            | -            | 58.8           | 58.8           |
| Eurobonds                         | -            | -            | -            | 281.5        | -            | -            | 697.9          | 979.4          |
| JICA                              | 23.4         | 46.9         | 46.9         | 46.9         | 47.1         | 47.3         | 651.1          | 909.6          |
| BID 1983AB                        | 48.2         | 48.2         | 48.2         | 48.2         | 48.3         | 47.8         | 115.7          | 404.6          |
| Interest and charges              | 34.6         | -            | -            | -            | -            | -            | -              | 34.6           |
| <b>International market total</b> | <b>172.7</b> | <b>171.9</b> | <b>171.9</b> | <b>453.4</b> | <b>184.0</b> | <b>133.2</b> | <b>1,958.5</b> | <b>3,245.6</b> |
| <b>Total</b>                      | <b>651.0</b> | <b>486.0</b> | <b>988.7</b> | <b>910.7</b> | <b>646.1</b> | <b>764.1</b> | <b>4,382.9</b> | <b>8,829.5</b> |

## 10. Events

### Apimec Meeting

**May 13, 2013**

1:00 pm (US EST) / 2:00 pm (Brasilia)

### Conference Call in English

**May 13, 2013**

10:00 am (US EST) / 11:00 am (Brasilia)

Rua Nicolau Gagliardi, 313

Pinheiros

São Paulo – Brasil

Dial in: 1 (412) 317-6776

Conference ID: Sabesp

*Replay available until 05/19/2013*

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**Income statement**

| <b>Corporate Law Method (Law No. 6,404/76)</b>            | <b>R\$ '000</b>  |                  |
|---|------------------|------------------|
| <b>Gross Revenue from Sales and Services</b>              | <b>2,814,456</b> | <b>2,740,263</b> |
| Water Supply - Retail                                     | 1,216,086        | 1,148,103        |
| Water Supply - Wholesale                                  | 47,189           | 37,590           |
| Sewage Collection and Treatment                           | 1,014,169        | 957,038          |
| Sewage Collection and Treatment - Wholesale               | 6,023            | 5,444            |
| Construction Revenue - Water                              | 215,686          | 240,572          |
| Construction Revenue - Sewage                             | 279,923          | 310,285          |
| Other Services  | 35,380           | 41,231           |
| Taxes on Sales and Services - COFINS and PASEP            | (169,413)        | (162,581)        |
| <b>Net Revenue from Sales and Services</b>                | <b>2,645,043</b> | <b>2,577,682</b> |
| Costs of Sales and Services                               | (1,536,866)      | (1,496,439)      |
| <b>Gross Profit</b>                                       | <b>1,108,177</b> | <b>1,081,243</b> |
| <b>Operating Expenses</b>                                 |                  |                  |
| Selling   | (141,284)        | (170,777)        |
| Administrative  | (240,437)        | (206,991)        |
| Other operating revenue (expenses), net                   | 8,835            | 8,463            |
| <b>Operating Income Before Shareholdings</b>              | <b>735,291</b>   | <b>711,938</b>   |
| Equity Result   | (150)            | (1,760)          |
| <b>Earnings Before Financial Results, net</b>             | <b>735,141</b>   | <b>710,178</b>   |
| Financial, net  | (102,259)        | (113,953)        |
| Exchange gain (loss), net                                 | 129,568          | 158,963          |
| <b>Earnings before Income Tax and Social Contribution</b> | <b>762,450</b>   | <b>755,188</b>   |
| <b>Income Tax and Social Contribution</b>                 |                  |                  |
| Current   | (287,541)        | (263,995)        |
| Deferred  | 21,292           | 720              |
| <b>Net Income (loss) for the period</b>                   | <b>496,201</b>   | <b>491,913</b>   |
| <b>Registered common shares ('000)</b>                    | <b>683,509</b>   | <b>683,509</b>   |

|  |                  |                  |
|--|------------------|------------------|
| <b>Earnings per shares - R\$ (per share)</b> | <b>0.73</b>      | <b>0.72</b>      |
| <b>Depreciation and Amortization</b>         | <b>(195,165)</b> | <b>(186,495)</b> |
| <b>Adjusted EBITDA</b>                       | <b>921,471</b>   | <b>888,210</b>   |
| % over net revenue                           | 34.8%            | 34.5%            |

**Balance sheet****Brazilian Corporate Law****R\$ '000****Current**

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Cash and Cash Equivalents        | 2,127,035        | 1,915,974        |
| Accounts Receivable from Clients | 1,067,729        | 1,038,945        |
| Related Party Balance            | 113,603          | 109,273          |
| Inventory                        | 46,586           | 53,028           |
| Restricted cash                  | 11,151           | 64,977           |
| Recoverable Taxes                | 7,479            | 118,421          |
| Other Receivables                | 64,717           | 29,980           |
| <b>Total Current Assets</b>      | <b>3,438,300</b> | <b>3,330,598</b> |

**Non-Current**

## Long Term Assets:

|   |                |                |
|---|----------------|----------------|
| Accounts Receivable from Clients            | 356,663        | 335,687        |
| Related Party Balance                       | 144,052        | 153,098        |
| Judicial Deposits                           | 55,238         | 53,158         |
| Deferred income tax and social contribution | 166,594        | 145,302        |
| National Water Agencie - ANA                | 102,366        | 108,099        |
| Other Receivables                           | 100,282        | 111,047        |
|   | <b>925,195</b> | <b>906,391</b> |

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Investments                     | 21,022            | 20,826            |
| Investment properties           | 54,039            | 54,046            |
| Intangible Assets               | 22,365,918        | 21,967,526        |
| Permanent Assets                | 195,286           | 196,710           |
|                                 | 22,636,265        | 22,239,108        |
| <b>Total Non-Current Assets</b> | <b>23,561,460</b> | <b>23,145,499</b> |

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| <b>Total Assets</b> | <b>26,999,760</b> | <b>26,476,097</b> |
|---------------------|-------------------|-------------------|

**Current**

|  |         |           |
|--|---------|-----------|
| Contractors and Suppliers                  |         |           |
| Current portion of long term loans         | 210,291 | 295,392   |
| Salaries and Payroll Charges               | 839,160 | 1,342,594 |
| Income tax and social contribution payable | 302,966 | 267,332   |
| Other taxes and contributions payable      | 44,527  | -         |
|  | 94,819  | 152,710   |

|   |                   |                   |
|---|-------------------|-------------------|
| Interest on Own Capital Payable                   | 414,328           | 414,355           |
| Provisions  | 722,228           | 565,083           |
| Services payable                                  | 431,340           | 389,091           |
| Public private partnership                        | 41,925            | 24,357            |
| Contracts agreements payables                     | 156,676           | 148,220           |
| Other payables                                    | 131,919           | 159,055           |
| <b>Total Current Liabilities</b>                  | <b>3,390,179</b>  | <b>3,758,189</b>  |
| <b>Non-Current</b>                                |                   |                   |
| Loans and Financing                               | 7,990,403         | 7,532,661         |
| Deferred Cofins/Pasep taxes                       | 126,682           | 123,731           |
| Provisions  | 537,456           | 624,071           |
| Pension Plan Obligations                          | 2,625,341         | 2,592,550         |
| Public private partnership                        | 303,911           | 331,960           |
| Contracts agreements payables                     | 118,868           | 87,407            |
| Other Payables                                    | 153,957           | 168,766           |
| <b>Total Non Current Liabilities</b>              | <b>11,856,618</b> | <b>11,461,146</b> |
| <b>Shareholders' Equity</b>                       |                   |                   |
| Capital Stock                                     | 6,203,688         | 6,203,688         |
| Capital Reserves                                  | 124,255           | 124,255           |
| Income reserve                                    | 5,387,634         | 5,387,634         |
| Other earnings                                    | (458,815)         | (458,815)         |
| Accrued earnings                                  | 496,201           | -                 |
| <b>Total Shareholders' Equity</b>                 | <b>11,752,963</b> | <b>11,256,762</b> |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>26,999,760</b> | <b>26,476,097</b> |

**Cash flow**

| <b>Brazilian Corporate Law</b>                                 |                  | <b>R\$ '000</b>  |
|--|------------------|------------------|
| <b>Cash flow from operating activities</b>                     |                  |                  |
| Earnings before income tax and social contribution             | 762,450          | 755,188          |
| Provision and provisions monetary variation                    | 106,873          | 126,349          |
| Financial charges from clients                                 | (48,543)         | (34,632)         |
| Losses from the sale of fixed and intangible assets            | 474              | 940              |
| Depreciation and Amortization                                  | 195,165          | 186,495          |
| Interest calculated over loans and financing payable           | 102,818          | 105,520          |
| Monetary and exchange variation over loans and financing       | (105,455)        | (150,699)        |
| Variation on liabilities and interest                          | 7,535            | 479              |
| Variation on assets and interest                               | (7,792)          | (2,144)          |
| Provisions for bad debt  | 94,054           | 97,608           |
| Provision for the conduct adjustment agreement (TAC)           | 5,600            | 8,878            |
| Equity result  | 150              | 1,760            |
| Provision for Sabesprev Mais                                   | 3,123            | (2,771)          |
| Other write-offs   | (41,333)         | 3,050            |
| São Paulo municipal government transfers                       | (6,399)          | (9,228)          |
| Fair value margin on intangible assets from                    | (9,647)          | (11,474)         |
| Pension plan obligations                                       | 65,493           | 25,357           |
| <b>Adjusted net income (generated by operating activities)</b> | <b>1,124,566</b> | <b>1,100,676</b> |
| <b>Variation on Assets and Liabilities</b>                     | <b>(187,652)</b> | <b>(328,143)</b> |
| <b>(Increase) decrease in assets:</b>                          |                  |                  |
| Accounts receivable from clients                               | (94,730)         | (86,318)         |
| Balances and transactions with related parties                 | 11,967           | 17,715           |
| Inventories  | 6,402            | 2,799            |
| Recoverable Taxes  | (9,911)          | (51,066)         |
| Other accounts receivable                                      | (18,239)         | (23,397)         |
| Judicial deposits  | (2,080)          | 1,475            |
| <b>Increase (decrease) in liabilities:</b>                     |                  | -                |
| Contractors and suppliers                                      | (31,765)         | (84,426)         |
| Salaries and payroll charges                                   | 35,634           | 33,832           |
| Pension plan obligations                                       | (32,702)         | (2,497)          |
| Other taxes and contributions payable                          | (58,196)         | (17,761)         |
| Payment for services   | 42,249           | (76,006)         |
| Other accounts payable   | (2,889)          | (14,007)         |
| Contingencies  | (36,343)         | (31,708)         |
| Deferred COFINS/PASEP Taxes                                    | 2,951            | 3,222            |

|  |                  |                  |
|--|------------------|------------------|
| <b>Others</b>  | <b>(293,588)</b> | <b>(352,613)</b> |
| Interest paid  | (171,400)        | (203,776)        |
| Income tax and contribution paid                             | (122,188)        | (148,837)        |
| <b>Net cash generated from operating activities</b>          | <b>643,326</b>   | <b>419,920</b>   |
| <b>Cash flow from investing activities:</b>                  |                  |                  |
| Acquisition of property, plant and equipment                 | (4,333)          | (7,084)          |
| Acquisition of intangible assets                             | (451,316)        | (405,222)        |
| Increase in investment                                       | (346)            | 66               |
| Restricted cash  | 53,826           | 14,731           |
| <b>Net cash used in investing activities</b>                 | <b>(402,169)</b> | <b>(397,509)</b> |
| <b>Cash flow from financing activities</b>                   |                  |                  |
| Funding  | 1,194,758        | 810,284          |
| Amortizations  | (1,189,451)      | (963,402)        |
| Public and private partnership                               | (10,481)         | -                |
| Program contracts payables                                   | (24,922)         | -                |
| <b>Net cash generated (invested) at financing activities</b> | <b>(30,096)</b>  | <b>(153,118)</b> |
| <b>Increase (decrease) in cash and equivalents</b>           | <b>211,061</b>   | <b>(130,707)</b> |
| Cash and cash equivalents at the beginning of the period     | 1,915,974        | 2,142,079        |
| Cash and cash equivalents at the end of the period           | 2,127,035        | 2,011,372        |
| <b>Changes in Cash and Cash Equivalents</b>                  | <b>211,061</b>   | <b>(130,707)</b> |

