

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

November 17, 2014

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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 November 17, 2014**  
**(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 3Q14 results**

São Paulo, November 13, 2014 - **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 **third quarter of 2014 (3Q14)**. 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 2013.

SBSP3: R\$ 18.73/share  
SBS: US\$ 7.21 (ADR=1 share)  
Total shares: 683,509,869  
Market value: R\$ 12.8 billion  
Closing quote: 11/13/2014

**1. Financial highlights**

(+) Gross operating revenue	2,165.62,393.2	(227.6)	(9.5)	6,834.17,
(+) Construction revenue	799.7 551.4	248.3	45.02,	009.71,
(-) COFINS and PASEP taxes	141.8 172.2	(30.4)	(17.7)	474.2
(=) Net operating revenue	2,823.52,772.4	51.1	1.88,	369.68,
(-) Costs and expenses	1,541.01,401.0	140.0	10.04,	707.34,
(-) Construction costs	782.1 539.5	242.6	45.01,	966.91,
(+) Equity result	(1.2) 1.7	(2.9)	(170.6)	(1.5)
(+) Other operating revenue/expenses, net	(6.2) 11.7	(17.9)	(153.0)	(44.1)
(=) Earnings before financial result, income tax and social contribution	493.0 845.3	(352.3)	(41.7)	1,649.82,
(+) Net financial	(337.8) (119.9)	(217.9)	181.7	(331.8) (2
(=) Earnings before income tax and social contribution	155.2 725.4	(570.2)	(78.6)	1,318.01,
(+) Income tax and social contribution	(63.7) (250.4)	186.7	(74.6)	(446.5) (6
Net Income	91.5 475.0	(383.5)	(80.7)	871.51,
Earnings per share* (R\$)	0.13 0.69			1.28

\* Total shares = 683,509,869

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

Net income	91.5 475.0	(383.5)	(80.7)	871.51,
(+) Income tax and social contribution	63.7 250.4	(186.7)	(74.6)	446.5
(+) Net financial	337.8 119.9	217.9	181.7	331.8
(+) Other operating revenues/expenses, net	6.2 (11.7)	17.9	(153.0)	44.1
(=) Earnings before financial result (EBIT)*	499.2 833.6	(334.4)	(40.1)	1,693.92,
(+) Depreciation and amortization	243.2 208.4	34.8	16.7	726.0
(=) Adjusted EBITDA **	742.41,042.0	(299.6)	(28.8)	2,419.92,
(%) Adjusted EBITDA margin	26.3 37.6			28.9

(\*) Earnings before interest, income tax and social contribution.

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

In 3Q14, net operating revenue, including construction revenue, reached R\$ 2.8 billion; a 1.8% increase compared to the same period of 2013.

Costs and expenses, including construction costs, totaled R\$ 2.3 billion, up 19.7% on the R\$ 1.9 billion recorded in 3Q13.

EBIT, in the amount of R\$ 499.2 million, dropped 40.1% from R\$ 833.6 million in 3Q13.

Adjusted EBITDA, in the amount of R\$ 742.4 million, dropped 28.8% from R\$ 1,042.0 million in 3Q13 (R\$ 2,419.9 million in the last 9 months and R\$ 3,551.7 million in the last 12 months).

The adjusted EBITDA margin was 26.3% in 3Q14, versus the 37.6% in 3Q13 (28.9% in the last 9 months and 31.0% in the last 12 months). Excluding construction revenues and construction costs, the adjusted EBITDA margin was 35.8% in 3Q14 (46.4% in 3Q13, 37.4% in the last 9 months and 40.1% in the last 12 months).

Net income totaled R\$ 91.5 million, 80.7% lower than the R\$ 475.0 million recorded in 3Q13.

## **2. Gross operating revenue**

Gross operating revenue from water and sewage, not including construction revenue, totaled R\$ 2.2 billion, a drop of R\$ 227.6 million or 9.5%, when compared to the R\$ 2.4 billion recorded in 3Q13.

The main factors that led to this variation were:

- Decrease of 3.5% in the Company's total billed volume (4.6% in water and 2.0% in sewage);
- R\$ 22.7 million drop in estimated revenue due to the lower billing in the period; and
- Water Consumption Reduction Incentive Program, with a R\$ 127.2 million impact.

The decreases mentioned above were partially offset by the 3.1% tariff adjustment since December 2013.

### 3. Construction revenue

Construction revenue increased R\$ 248.3 million or 45.0%, when compared to 3Q13. The variation was mainly due to higher investments in 3Q14.

### 4. Billed volume

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

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

Residential	379.6	387.2	(2.0)	318.2	322.2	(1.2)	697.8	709.4	(1.6)
Commercial	42.4	43.8	(3.2)	40.1	40.7	(1.5)	82.5	84.5	(2.4)
Industrial	9.6	10.0	(4.0)	10.7	11.0	(2.7)	20.3	21.0	(3.3)
Public	12.9	13.8	(6.5)	9.9	10.7	(7.5)	22.8	24.5	(6.9)
<b>Total retail</b>	<b>444.5</b>	<b>454.8</b>	<b>(2.3)</b>	<b>378.9</b>	<b>384.6</b>	<b>(1.5)</b>	<b>823.4</b>	<b>839.4</b>	<b>(1.9)</b>
Wholesale	60.2	74.5	(19.2)	5.8	7.9	(26.6)	66.0	82.4	(19.9)
<b>Total</b>	<b>504.7</b>	<b>529.3</b>	<b>(4.6)</b>	<b>384.7</b>	<b>392.5</b>	<b>(2.0)</b>	<b>889.4</b>	<b>921.8</b>	<b>(3.5)</b>
Residential	1,172.3	1,159.9	1.1	977.8	962.1	1.6	2,150.1	2,122.0	1.3
Commercial	130.1	130.6	(0.4)	122.4	121.5	0.7	252.5	252.1	0.2
Industrial									