

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

May 19, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

For May 15, 2015
(Commission File No. 1-31317)

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)

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

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):

CIA. DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP

Rui de Britto Álvares Affonso

Chief Financial Officer and Investor Relations Officer

Mario Azevedo de Arruda Sampaio

Head of Capital Markets and Investor Relations

SABESP announces 1Q15 results

São Paulo, May 14, 2015 - **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 of 2015 (1Q15)**. 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 2014.

R\$ million

1. Financial highlights

| | <i>R\$ million</i> | | | |
|--|--------------------|---------|-----------|-----------|
| (+) Gross operating revenue | 2,004.5 | 2,444.5 | (440.0) | (18.0) |
| (+) Construction revenue | 588.4 | 531.2 | 57.2 | 10.8 |
| (-) COFINS and PASEP taxes | 124.3 | 183.7 | (59.4) | (32.3) |
| (=) Net operating revenue | 2,468.6 | 2,792.0 | (323.4) | (11.6) |
| (-) Costs and expenses | 789.1 | 1,515.5 | (726.4) | (47.9) |
| (-) Construction costs | 576.4 | 520.5 | 55.9 | 10.7 |
| (+) Equity result | 1.1 | (0.4) | 1.5 | (375.0) |
| (+) Other operating revenue/expenses, net | 32.1 | (43.1) | 75.2 | (174.5) |
| (=) Earnings before financial result, income tax and social contribution | 1,136.3 | 712.5 | 423.8 | 59.5 |
| (+) Financial result | (985.8) | 27.5 | (1,013.3) | (3,684.7) |
| (=) Earnings before income tax and social contribution | 150.5 | 740.0 | (589.5) | (79.7) |
| (+) Income tax and social contribution | 167.7 | (262.4) | 430.1 | (163.9) |
| Net Income | 318.2 | 477.6 | (159.4) | (33.4) |
| Earnings per share* (R\$) | 0.47 | 0.70 | | |

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

| | <i>R\$ million</i> | | | |
|--|--------------------|---------|---------|-----------|
| Net income | 318.2 | 477.6 | (159.4) | (33.4) |
| (+) Income tax and social contribution | (167.7) | 262.4 | (430.1) | (163.9) |
| (+) Financial result | 985.8 | (27.5) | 1,013.3 | (3,684.7) |
| (+) Other operating revenues/expenses, net | (32.1) | 43.1 | (75.2) | (174.5) |
| (=) Adjusted EBIT* | 1,104.2 | 755.6 | 348.6 | 46.1 |
| (+) Depreciation and amortization | 253.3 | 260.2 | (6.9) | (2.7) |
| (=) Adjusted EBITDA ** | 1,357.5 | 1,015.8 | 341.7 | 33.6 |
| (%) Adjusted EBITDA margin | 55.0 | 36.4 | | |

(*) Adjusted EBIT is net income before: (i) other operating revenues/expenses; (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 1Q15, net operating revenue, including construction revenue, reached R\$ 2.5 billion; an 11.6% decrease compared to 1Q14.

Costs and expenses, including construction costs, totaled R\$ 1.4 billion, down by 32.9% compared to R\$ 2.0 billion recorded in 1Q14. Excluding the R\$ 696.3 million reimbursement from the São Paulo state government, costs and expenses increased R\$ 25.8 million or 1.3%.

Adjusted EBIT, in the amount of R\$ 1.1 billion, grew 46.1% from R\$ 755.6 million recorded in the same quarter of the previous year.

Adjusted EBITDA, in the amount of R\$ 1.4 billion, increased 33.6% from R\$ 1.0 billion recorded in 1Q14.

The adjusted EBITDA margin was 55.0% in 1Q15, versus 36.4% in 1Q14. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 71.6% in 1Q15 (44.5% in 1Q14).

Net income totaled R\$ 318.2 million, 33.4% lower than R\$ 477.6 million recorded in 1Q14.

2. Gross operating revenue

Gross operating revenue from water and sewage, not including construction revenue, totaled R\$ 2.0 billion, a drop of R\$ 440.0 million or 18.0%, when compared to the R\$ 2.4 billion recorded in 1Q14.

The main factors that led to this variation were:

- Bonus granted within the Water Consumption Reduction Incentive Program, with a R\$ 211.2 million impact in 1Q15, versus the R\$ 10.7 million recorded in 1Q14; and

- Decrease of 11.7% in the Company's total billed volume (13.2% in water and 9.7% in sewage).

The decline in gross operating revenue was mitigated by the application of the 6.5% tariff increase since December 2014 and the effect of the contingency tariff, totaling R\$ 79.3 million.

3. Construction revenue

Construction revenue increased R\$ 57.2 million or 10.8%, when compared to 1Q14. The variation was mainly due to higher investments in 1Q15.

4. Billed volume

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

WATER AND SEWAGE BILLED VOLUME ⁽¹⁾ PER CUSTOMER CATEGORY - million m³

| | | | | | | | | | |
|---------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Residential | 369.0 | 410.6 | (10.1) | 308.7 | 340.3 | (9.3) | 677.7 | 750.9 | (9.7) |
| Commercial | 40.5 | 44.9 | (9.8) | 38.1 | 42.0 | (9.3) | 78.6 | 86.9 | (9.6) |
| Industrial | 8.5 | 10.2 | (16.7) | 9.9 | 11.2 | (11.6) | 18.4 | 21.4 | (14.0) |
| Public | 10.5 | 13.7 | (23.4) | 8.0 | 10.6 | (24.5) | 18.5 | 24.3 | (23.9) |
| Total retail | 428.5 | 479.4 | (10.6) | 364.7 | 404.1 | (9.8) | 793.2 | 883.5 | (10.2) |
| Wholesale | 53.4 | 75.5 | (29.3) | 6.3 | 6.6 | (4.5) | 59.7 | 82.1 | (27.3) |
| Total | 481.9 | 554.9 | (13.2) | 371.0 | 410.7 | (9.7) | 852.9 | 965.6 | (11.7) |

WATER AND SEWAGE BILLED VOLUME ⁽¹⁾ PER REGION - million m³

| | | | | | | | | | |
|-------------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Metropolitan | 267.9 | 308.9 | (13.3) | 230.9 | 262.9 | (12.2) | 498.8 | 571.8 | (12.8) |
| Regional ⁽²⁾ | 160.6 | 170.5 | (5.8) | 133.8 | 141.2 | (5.2) | 294.4 | 311.7 | (5.6) |
| Total retail | 428.5 | 479.4 | (10.6) | 364.7 | 404.1 | (9.8) | 793.2 | 883.5 | (10.2) |
| Wholesale | 53.4 | 75.5 | (29.3) | 6.3 | 6.6 | (4.5) | 59.7 | 82.1 | (27.3) |
| Total | 481.9 | 554.9 | (13.2) | 371.0 | 410.7 | (9.7) | 852.9 | 965.6 | (11.7) |

(1) Unaudited

(2) Including coastal and interior region

5. Costs, administrative and selling expenses

In 1Q15, costs, administrative and selling expenses, dropped 32.9% (R\$ 670.5 million). Excluding construction costs, total costs and expenses dropped 47.9%. As a percentage of net revenue, cost and expenses was 55.3% in 1Q15 and 72.9% in 1Q14.

The R\$ 670.5 million decline in costs and expenses and their reduced share in net revenue were mainly caused by the São Paulo state government reimbursement.

| | <i>R\$ million</i> | | | |
|---|--------------------|----------------|----------------|---------------|
| Payroll and benefits | 534.5 | 496.7 | 37.8 | 7.6 |
| Supplies | 48.7 | 47.1 | 1.6 | 3.4 |
| Treatment supplies | 72.3 | 69.7 | 2.6 | 3.7 |
| Services | 295.9 | 314.7 | (18.8) | (6.0) |
| Electric power | 159.1 | 140.0 | 19.1 | 13.6 |
| General expenses | 54.4 | 152.7 | (98.3) | (64.4) |
| Tax expenses | 19.9 | 19.7 | 0.2 | 1.0 |
| São Paulo state government reimbursement | (696.3) | - | (696.3) | - |
| Sub-total | 488.5 | 1,240.6 | (752.1) | (60.6) |
| Depreciation and amortization | 253.3 | 260.2 | (6.9) | (2.7) |
| Credit write-offs | 47.3 | 14.7 | 32.6 | 221.8 |
| Sub-total | 300.6 | 274.9 | 25.7 | 9.3 |
| Costs and expenses | 789.1 | 1,515.5 | (726.4) | (47.9) |
| Construction costs | 576.4 | 520.5 | 55.9 | 10.7 |
| Costs, adm., selling and construction expenses | 1,365.5 | 2,036.0 | (670.5) | (32.9) |
| % of net revenue | 55.3 | 72.9 | | |

5.1. Payroll and benefits

In 1Q15 payroll and benefits grew R\$ 37.8 million or 7.6%, due to the following:

- R\$ 19.8 million increase due to the 6.8% increase in average wages since May 2014 and the changes from the career and wage plan;
- \$ 8.8 million upturn in the provision for the Pension Plan, arising from changes in actuarial assumptions;
- R\$ 4.9 million increase in overtime pay, mainly due to wage adjustment in the period, and the higher number of hours worked, as a result of the management and intensification of water systems maintenance; and
- R\$ 2.1 million, due to the 7.1% adjustment in healthcare expenses since July 2014.

5.2. Treatment supplies

In 1Q15, expenses with treatment supplies increased R\$ 2.6 million or 3.7%, from R\$ 69.7 million to R\$ 72.3 million, chiefly due to the beginning of the use of products that reduce the algae bloom in the São Paulo Metropolitan Region's water sources since April 2014, with a R\$ 3.2 million impact.

5.3. Services

Services expenses, in the amount of R\$ 295.9 million, dropped R\$ 18.8 million or 6.0%, in comparison to the R\$ 314.7 million in 1Q14. The main factors were:

- Lower estimate of service expenses, totaling R\$ 22.2 million, especially due to the recognition, in 1Q14, of expenses with legal services related to the agreement for the resumption of operations in the city of Diadema; and
- R\$ 7.0 million decrease in advertising campaigns.

On the other hand, the following increases occurred:

- Hiring of services in the amount of R\$ 7.4 million, mainly due to the beginning of operations in the municipality of Diadema, in March of 2014, in the amount of R\$ 6.4 million; and
- Maintenance of domestic sewage connections in several areas of the São Paulo metropolitan region, totaling R\$ 4.7 million.

5.4. Electric power

Electric power expenses totaled R\$ 159.1 million, an increase of R\$ 19.1 million or 13.6% in comparison to the R\$ 140.0 million in 1Q14, chiefly due to the average increase of 11.7% in free market tariffs and of 31.6% in regulated market tariffs.

These increases were partially offset by the average decrease of 13.3% of the Company's total electric power consumption in 1Q15.

5.5. General expenses

General expenses dropped R\$ 98.3 million or 64.4%, totaling R\$ 54.4 million, versus the R\$ 152.7 million recorded in 1Q14 mainly due to:

- R\$ 77.4 million decrease in the provision for lawsuits; and
- Lower provision for the Municipal Fund for Environmental Sanitation and Infrastructure, in the amount of R\$ 22.6 million, as a result of the decrease in revenues with the municipality of São Paulo.

5.6. São Paulo state government reimbursement

In 1Q15, the Company entered into an agreement with the São Paulo state government to receive the undisputed amount, related to the state's debt with the Company, for the payment of the benefits to former employees (G0) dealt with by state Law 4,819, of August 26, 1958, that generated a credit in the result in the amount of R\$696.3 million.

5.7. Depreciation and amortization

R\$ 6.9 million decrease or 2.7%, reaching R\$ 253.3 million in comparison to the R\$ 260.2 million recorded in 1Q14, largely due to higher provision for the amortization related to the transfer of works held in 1Q14.

5.8. Credit write-offs

Credit write-offs increased R\$ 32.6 million, especially due to the complement of the provision related to the breach of agreements with municipal clients in 1Q15.

6. Other operating revenues and expenses, net

Other operating revenues/expenses, net, recorded a R\$ 75.2 million positive variation.

6.1. Other operating revenues

An increase of R\$ 12.8 million in other operating revenues, especially through the sale of surplus electricity, totaling R\$ 21.8 million, partially offset by the decline in revenue from Rational Use of Water Program (PURA), totaling R\$ 8.8 million.

6.2. Other operating expenses

Recorded a R\$ 62.4 million decrease, mainly due to:

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- Provision for the write-off of construction works and projects, in 1Q14, in the amount of R\$ 31.4 million, non-recurring;
- Lower provision for the write-off of hydrometers, resulting in a R\$ 20.2 million drop; and
- Provision for losses with contractual payments, as a result of the agreement with the municipality of Diadema, in 1Q14, totaling R\$ 13.0 million.

7. Financial result

| | <i>R\$ million</i> | | | |
|-------------------------------------|--------------------|-------------|------------------|------------------|
| Financial expenses, net of revenues | (63.8) | (65.6) | 1.8 | (2.7) |
| Net monetary and exchange variation | (922.0) | 93.1 | (1,015.1) | (1,090.3) |
| Financial result | (985.8) | 27.5 | (1,013.3) | (3,684.7) |

7.1. Financial revenues and expenses

| | <i>R\$ million</i> | | | |
|---|--------------------|----------------|--------------|--------------|
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | (86.7) | (82.2) | (4.5) | 5.5 |
| Interest and charges on international loans and financing | (30.4) | (24.4) | (6.0) | 24.6 |
| Other financial expenses | (20.2) | (30.5) | 10.3 | (33.8) |
| Total financial expenses | (137.3) | (137.1) | (0.2) | 0.1 |
| Financial revenues | 73.5 | 71.5 | 2.0 | 2.8 |
| Financial expenses net of revenues | (63.8) | (65.6) | 1.8 | (2.7) |

7.1.1. Financial expenses

Financial expenses grew R\$ 0.2 million. The main reasons were:

- R\$ 4.5 million increase in interest and charges on domestic loans and financing, mainly due to the higher interest on debentures, due to the 19th debenture issue in June 2014;
- R\$ 6.0 million increase in interest and charges on international loans and financing, due to the US dollar and Yen appreciation versus the Brazilian Real in 1Q15 (20.8% and 20.3%, respectively), when compared to the depreciation recorded in 1Q14 (-3.4% and -1.6%, respectively); and
- R\$ 10.3 million decrease in other financial expenses, largely due to the lower provision for financial charges of lawsuits.

7.1.2. Financial revenues

Financial revenues increased R\$ 2.0 million or 2.8%, due to interest over instalment agreement held in the period.

7.2. Monetary and exchange rate variation on assets and liabilities

| | <i>R\$ million</i> | | | |
|--|--------------------|-------------|------------------|------------------|
| Monetary variation on loans and financing | (56.2) | (33.0) | (23.2) | 70.3 |
| Exchange rate variation on loans and financing | (884.5) | 117.0 | (1,001.5) | (856.0) |
| Other monetary variations | (12.2) | (15.9) | 3.7 | (23.3) |
| Monetary/exchange rate variation on liabilities | (952.9) | 68.1 | (1,021.0) | (1,499.3) |
| Monetary/exchange rate variation on assets | 30.9 | 25.0 | 5.9 | 23.6 |
| Monetary/exchange rate variation, net | (922.0) | 93.1 | (1,015.1) | (1,090.3) |

7.2.1. Monetary/exchange rate variation on liabilities

The effect on the monetary/currency exchange variation on liabilities in 1Q15 was R\$ 1,021.0 million, higher than in 1Q14, especially due to:

- An increase of R\$ 23.2 million in expenses with monetary variation on domestic loans and financing, chiefly due to the increase in the IPCA in 1Q15 (3.8%) compared to the decrease recorded in 1Q14 (-2.2%); and
- An upturn of R\$ 1,001.5 million in expenses with exchange variation on loans and financing, due to the appreciation of the US dollar and the Yen versus the Brazilian Real in 1Q15 (20.8% and 20.3%, respectively), when compared to the depreciation recorded in 1Q14 (-3.4% and -1.6%, respectively).

7.2.2. Monetary/Exchange rate variation on assets

R\$ 5.9 million increase, mainly due to the monetary updates on judicial deposits.

8. Income tax and social contribution

In 1Q15, the Company recorded tax losses of R\$ 548.0 million, mainly due to the permanent difference arising from the GESP agreement. These tax losses resulted in the recognition of deferred income tax/social contribution in the amount of R\$ 186.3 million.

9. Indicators

9.1. Operating

As a result of the water crisis, there was a substantial reduction in the water production volume, down by 21.2%.

There was also a substantial decline in the index that measures water losses per connection per day (IPDT) which came to 290 liters/connection x day versus 366 liters/connection x day on the same period last year.

This reduction was the result not only of loss control initiatives, but also of the water crisis and the consequent need to reduce the network pressure as a demand management mechanism.

| | | | |
|--|--------|--------|--------|
| Water connections ⁽¹⁾ | 8,258 | 7,938 | 4.0 |
| Sewage connections ⁽¹⁾ | 6,705 | 6,386 | 5.0 |
| Population directly served - water ⁽²⁾ | 25.3 | 24.6 | 2.8 |
| Population directly served - sewage ⁽²⁾ | 22.5 | 21.6 | 4.2 |
| Number of employees | 14,167 | 14,920 | (5.0) |
| Water volume produced ⁽³⁾ | 613 | 778 | (21.2) |
| IPM - Measured water loss (%) | 29.1 | 30.8 | (5.5) |
| IPDt (liters/connectionxdays) | 290.0 | 366.0 | (20.8) |

(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 millions of cubic meters

(*) Unaudited

9.2. Financial

| | | |
|---|---------|---------|
| Amplified Consumer Price Index (IPCA) - % | 3.83 | 2.18 |
| Referential Rate (TR) - % | 0.23 | 0.19 |
| Interbank Deposit Certificate (CDI) - % | 2.81 | 2.4 |
| US DOLAR (R\$) | 3.2080 | 2.2630 |
| YEN (R\$) | 0.02675 | 0.02197 |

(*) Unaudited

10. Loans and financing**R\$ million****Local market**

| | | | | | | | | |
|-----------------------------|--------------|--------------|----------------|--------------|--------------|--------------|----------------|----------------|
| Caixa Econômica Federal | 50.6 | 70.3 | 74.6 | 78.8 | 82.1 | 85.9 | 712.1 | 1,154.4 |
| Debentures | 583.7 | 358.7 | 882.4 | 586.6 | 671.4 | 373.2 | 568.5 | 4,024.5 |
| BNDES | 40.5 | 68.8 | 73.7 | 73.7 | 73.7 | 56.1 | 286.7 | 673.2 |
| Commercial Leasing | 8.5 | 18.9 | 19.9 | 21.1 | 22.3 | 24.4 | 376.9 | 492.0 |
| Others | 0.5 | 0.6 | 0.7 | 0.5 | - | - | - | 2.3 |
| Interest and charges | 62.0 | 18.4 | - | - | - | - | - | 80.4 |
| Local market total | 745.8 | 535.7 | 1,051.3 | 760.7 | 849.5 | 539.6 | 1,944.2 | 6,426.8 |
| International market | | | | | | | | |
| BID | 105.9 | 122.4 | 175.9 | 95.4 | 95.4 | 95.4 | 1,092.7 | 1,783.1 |
| BIRD | - | - | - | - | 4.9 | 9.8 | 132.1 | 146.8 |
| Eurobonds | - | 448.9 | - | - | - | 1,118.1 | - | 1,567.0 |
| JICA | 29.3 | 58.6 | 59.5 | 60.5 | 87.3 | 87.3 | 995.4 | 1,377.9 |
| BID 1983AB | 76.8 | 76.8 | 76.8 | 76.5 | 56.8 | 56.0 | 73.1 | 492.8 |
| Interest and charges | 51.0 | 1.6 | - | - | - | - | - | 52.6 |

| | | | | | | | | |
|-----------------------------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|-----------------|
| International market total | 263.0 | 708.3 | 312.2 | 232.4 | 244.4 | 1,366.6 | 2,293.3 | 5,420.2 |
| Total | 1,008.8 | 1,244.0 | 1,363.5 | 993.1 | 1,093.9 | 1,906.2 | 4,237.5 | 11,847.0 |

11. Capex

Planned investments for 2015 total approximately R\$ 2.4 billion, of which R\$ 579,5 million was invested in 1Q15.

12. Conference calls

In Portuguese

May 19, 2015

9:30 am (US EST) / 10:30 am (Brasília)

Dial in: 55 (11) 3728-5971 ou

55 (11) 3127-4971

Code: Sabesp

Replay available for 7 days

Dial in: 55 (11) 3127-4999

Code: 549817455

[Click here to access the webcast](#)

In English

May 19, 2015

2:00 pm (Brasília) / 1:00 pm (US EST)

Dial in: 1 (412) 317-6776

Code: Sabesp

Replay available for 7 days

Dial in: 1(412) 317-0088

Code: 10063466

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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 | |
|---|------------------|------------------|
| | 1Q15 | 1Q14 |
| Gross Operating Revenue | 2,592,958 | 2,975,659 |
| Water Supply - Retail | 1,092,104 | 1,307,732 |
| Water Supply - Wholesale | 16,357 | 9,467 |
| Sewage Collection and Treatment | 856,367 | 1,087,196 |
| Sewage Collection and Treatment - Wholesale | 7,557 | 4,376 |
| Construction Revenue - Water | 304,504 | 218,101 |
| Construction Revenue - Sewage | 283,962 | 313,126 |
| Other Services | 32,107 | 35,661 |
| Taxes on Sales and Services - COFINS and PASEP | (124,317) | (183,729) |
| Net Operating Revenue | 2,468,641 | 2,791,930 |
| Operating Costs | (1,758,677) | (1,678,717) |
| Gross Profit | 709,964 | 1,113,213 |
| Operating Expenses | | |
| Selling | (184,481) | (156,597) |
| Administrative | 577,608 | (200,674) |
| Other operating revenue (expenses), net | 32,057 | (43,069) |
| Operating Income Before Shareholdings | 1,135,148 | 712,873 |
| Equity Result | 1,114 | (368) |
| Earnings Before Financial Results, net | 1,136,262 | 712,505 |
| Financial, net | (101,794) | (89,146) |
| Exchange gain (loss), net | (883,966) | 116,665 |
| Earnings before Income Tax and Social Contribution | 150,502 | 740,024 |
| Income Tax and Social Contribution | | |
| Current | - | (276,717) |
| Deferred | 167,676 | 14,279 |

| | | |
|--|------------------|------------------|
| Net Income (loss) for the period | 318,178 | 477,586 |
| Registered common shares ('000) | 683,509 | 683,509 |
| Earnings per shares - R\$ (per share) | 0.47 | 0.70 |
| Depreciation and Amortization | (253,308) | (260,258) |
| Adjusted EBITDA | 1,357,513 | 1,015,832 |
| % over net revenue | 55.0% | 36.4% |

Balance Sheet

| Brazilian Corporate Law | R\$ '000 | |
|---|-------------------|-------------------|
| ASSETS | 03/31/2015 | 12/31/2014 |
| Current assets | | |
| Cash and cash equivalents | 1,737,971 | 1,722,991 |
| Trade accounts receivable | 1,056,002 | 1,034,820 |
| Accounts receivable from related parties | 204,228 | 121,965 |
| Inventories | 59,877 | 66,487 |
| Restricted cash | 21,881 | 19,750 |
| Recoverable taxes | 174,572 | 148,768 |
| Other accounts receivable | 115,721 | 100,664 |
| Total current assets | 3,370,252 | 3,215,445 |
| Noncurrent assets | | |
| Trade accounts receivable | 171,172 | 189,458 |
| Accounts receivable from related parties | 700,197 | 102,018 |
| Escrow deposits | 84,657 | 69,488 |
| Deferred income tax and social contribution | 377,154 | 209,478 |
| Water National Agency – ANA | 125,103 | 122,634 |
| Other accounts receivable | 89,188 | 87,286 |
| Investments | 22,093 | 21,223 |
| Investment properties | 54,039 | 54,039 |
| Intangible assets | 26,309,189 | 25,979,526 |
| Property, plant and equipment | 309,721 | 304,845 |
| Total noncurrent assets | 28,242,513 | 27,139,995 |
| Total assets | 31,612,765 | 30,355,440 |
| LIABILITIES AND EQUITY | 03/31/2015 | 12/31/2014 |

Current liabilities

| | | |
|--|------------------|------------------|
| Trade payables and contractors | 238,468 | 323,513 |
| Current portion of long-term loans and financing | 1,378,233 | 1,207,126 |
| Accrued payroll and related charges | 370,597 | 387,971 |
| Taxes and contributions | 61,038 | 74,138 |
| Interest on shareholders' equity payable | 214,523 | 214,523 |
| Provisions | 601,926 | 625,092 |
| Services payable | 402,830 | 318,973 |
| Public-Private Partnership – PPP | 38,508 | 38,047 |
| Program Contract Commitments | 161,778 | 189,551 |
| Other liabilities | 92,687 | 101,642 |
| Total current liabilities | 3,560,588 | 3,480,576 |

Noncurrent liabilities

| | | |
|-------------------------------------|-------------------|-------------------|
| Loans and financing | 10,468,794 | 9,578,641 |
| Deferred Cofins and Pasep | 129,120 | 129,351 |
| Provisions | 501,816 | 595,255 |
| Pension obligations | 2,771,585 | 2,729,598 |
| Public-Private Partnership – PPP | 352,680 | 330,236 |
| Program Contract Commitments | 18,621 | 18,208 |
| Other liabilities | 186,980 | 189,172 |
| Total noncurrent liabilities | 14,429,596 | 13,570,461 |

| | | |
|--------------------------|-------------------|-------------------|
| Total Liabilities | 17,990,184 | 17,051,037 |
|--------------------------|-------------------|-------------------|

Equity

| | | |
|----------------------------|-------------------|-------------------|
| Capital stock | 10,000,000 | 10,000,000 |
| Earnings reserves | 3,694,151 | 3,694,151 |
| Other comprehensive income | (389,748) | (389,748) |
| Accrued earnings | 318,178 | - |
| Total equity | 13,622,581 | 13,304,403 |

| | | |
|-------------------------------------|-------------------|-------------------|
| Total equity and liabilities | 31,612,765 | 30,355,440 |
|-------------------------------------|-------------------|-------------------|

Cash Flow

| Brazilian Corporate Law | Jan-Mar/2015 | R\$ '000 Jan-Mar/2014 |
|---|----------------|--------------------------|
| Cash flow from operating activities | | |
| Profit before income tax and social contribution | 150,502 | 740,024 |
| Adjustment for: | | |
| Depreciation and amortization | 253,308 | 260,258 |
| Residual value of property, plant and equipment and intangible assets written-off | (8,301) | 370 |
| Allowance for doubtful accounts | 47,343 | 14,693 |
| Provision and inflation adjustment | (84,524) | 18,881 |
| GESP Agreement | (696,283) | - |
| Interest calculated on loans and financing payable | 121,043 | 109,137 |
| Inflation adjustment and foreign exchange gains (losses) on loans and financing | 940,559 | (83,982) |
| Interest and inflation adjustment losses | 6,045 | 5,023 |
| Interest and inflation adjustment gains | (14,807) | - |
| Financial charges from customers | (49,035) | (42,106) |
| Margin on intangible assets arising from concession | (12,090) | (10,755) |
| Provision for Consent Decree (TAC) | (43,148) | 4,732 |
| Equity result | (1,114) | 368 |
| Provision from São Paulo agreement | 68,423 | 89,511 |
| Provision for defined contribution plan | 2,044 | 1,877 |
| Pension obligations | 81,914 | 72,324 |
| Other adjustments | (3,563) | 81,108 |
| | 758,316 | 1,261,463 |
| Changes in assets | | |
| Trade accounts receivable | 2,367 | 123,704 |
| Accounts receivable from related parties | 12,556 | 12,896 |
| Inventories | 6,638 | 4,051 |

| | | |
|--|------------------|------------------|
| Recoverable taxes | (25,804) | - |
| Escrow deposits | (648) | 5,119 |
| Other accounts receivable | (19,428) | (39,623) |
| Changes in liabilities | | |
| Trade payables and contractors | (11,648) | (5,028) |
| Services received | 15,434 | 87,576 |
| Accrued payroll and related charges | 25,774 | 47,445 |
| Taxes and contributions payable | 4,643 | (61,779) |
| Deferred Cofins/Pasep | (231) | 2,505 |
| Provisions | (32,081) | (105,075) |
| Pension obligations | (39,927) | (38,929) |
| Other liabilities | (8,182) | (114,429) |
| Cash generated from operations | 687,779 | 1,179,896 |
| Interest paid | (193,558) | (179,173) |
| Income tax and contribution paid | (17,743) | (193,861) |
| Net cash generated from operating activities | 476,478 | 806,862 |
| Cash flows from investing activities | | |
| Acquisition of intangibles | (519,959) | (510,440) |
| Restricted cash | (2,131) | (86,725) |
| Investment increase | 244 | (3) |
| Purchases of tangible assets | (8,402) | (7,471) |
| Net cash used in investing activities | (530,248) | (604,639) |
| Cash flow from financing activities | | |
| Loans and financing | | |
| Proceeds from loans | 311,671 | 198,444 |
| Repayments of loans | (203,905) | (184,930) |
| Public-Private Partnership – PPP | (5,611) | (4,912) |
| Program Contract Commitments | (33,405) | (10,354) |
| Net cash generated by financing activities | 68,750 | (1,752) |
| Cash reduce and cash equivalents | 14,980 | 200,471 |
| Represented by: | | |
| Cash and cash equivalents at beginning of the period | 1,722,991 | 1,782,001 |
| Cash and cash equivalents at end of the period | 1,737,971 | 1,982,472 |

| | | |
|---|---------------|----------------|
| Cash reduce and cash equivalents | 14,980 | 200,471 |
|---|---------------|----------------|

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: May 15, 2015

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.
