

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	2,723.42	2,047.2	676.2	33.05	294.14	05
Construction revenue	897.2	904.8	(7.6)	(0.8)	1,522.4	1,49
COFINS and PASEP taxes	182.0	129.1	52.9	41.0	350.1	25
(=) Net operating revenue	3,438.62	2,822.9	615.7	21.86	466.45	29
Costs and expenses	1,738.01	1,465.1	272.9	18.63	532.32	25
Construction costs	877.4	885.2	(7.8)	(0.9)	1,489.8	1,46
Equity result	(0.3)	(0.1)	(0.2)	-	1.8	1.
Other operating revenue (expenses), net	16.2	11.7	4.5	38.5	21.6	43
(=) Earnings before financial result, income tax and social contribution	839.1	484.2	354.9	73.31	467.71	62
Financial result	372.7	155.4	217.3	139.8	712.9	(83
(=) Earnings before income tax and social contribution	1,211.8	639.6	572.2	89.52	180.6	79
Income tax and social contribution	414.3	302.3	112.0	37.0	754.3	134
(=) Net income	797.5	337.3	460.2	136.41	426.3	65
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	136.41	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	74.21	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	47.62	024.92	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>
<b>Foreign currency</b>								
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

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### In English

**August 16, 2016**

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## Income Statement

<b>Brazilian Corporate Law</b>	<b>R\$ '000</b>	
<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%

<b>Net Operating Income Breakdown</b>	<b>R\$ '000</b>	
<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

<b>Brazilian Corporate Law</b>	<b>R\$ '000</b>	
<b>Current assets</b>		
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>
<b>Noncurrent assets</b>		
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>
<b>Total assets</b>	<b>34,417,220</b>	<b>33,706,614</b>
<b>Current liabilities</b>		
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>	-
<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

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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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