

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

April 06, 2018

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 April, 2018
(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 2017 results

São Paulo, March 27, 2018 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP** (B3: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of costumers, announces today its **4Q17 and 2017 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 2016.

SBSP3: R\$
35.39/share

SBS: US\$ 10.57
(ADR=1 share)

Total shares:
683,509,869

Market value: R\$
24.2 billion

Closing quote:
03/27/2018

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1. Financial highlights

Adjusted EBITDA Reconciliation (Non-accounting measures)

In 2017, net operating revenue, which considers construction revenue, totaled R\$ 14,608.2 million, an increase of 3.6% over the same period of the previous year.

Costs and expenses, which consider construction costs, totaled R\$ 10,646.6 million, a decrease of 0.3% when compared to the previous year.

Adjusted EBIT, in the amount of R\$ 3,967.4 million, increased 15.8% against R\$ 3,424.9 million recorded in 2016.

Adjusted EBITDA, in the amount of R\$ 5,269.3 million, increased 15.3% compared to R\$ 4,571.5 million registered in 2016.

The adjusted EBITDA margin for 2017 was 36.1%, against 32.4% in 2016.

Disregarding the effects of construction revenues and construction costs, the adjusted EBITDA margin was 45.4% in 2017 (43.3% in 2016).

In 2017 the company recorded a net income of R\$ 2,519.3 million, compared to a net income of R\$ 2,947.1 million in 2016.

2. Gross operating revenue

The gross operating revenue related to sanitation services, in the amount of R\$ 12,223.7 million, not including construction revenue, increased by R\$ 1,101.5 million or 9.9%, when compared to R\$ 11,122.2 million totaled in 2016.

The main factors that led to this variation were:

- Tariff adjustment of 8.4% since May 2016;
- Tariff repositioning index of 7.9% since November 2017;

- 4.3% increase in the Company's total billed volume, 4.3% in water and 4.2% in sewage;

- The granting of bonuses in 2016, in the amount of R\$ 187.4 million, in the context of the Water Reduction Incentive Program, which ended in April 2016, and;
- Lower estimated loss of wholesale revenue in 2017, in the amount of R\$ 125.1 million, due to the payment received in the period, mainly from the municipality of Guarulhos.

The increase caused by the factors described above was mitigated by the cancelation of the application of the Contingency Tariff in April 2016, in the amount of R\$ 224.7 million in 2016.

3. Construction revenue

Construction revenue decreased by R\$ 582.0 million or 15.6% when compared to the previous year. The variation is mainly due to the lower investments in the municipalities served by the Company.

4. Billed volume

The tables below show the water and sewage billed volume, in annual and quarterly terms, per customer category and region.

(1) Unaudited

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

(1) Unaudited

(2) Including coastal and interior region

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

5. Costs, administrative & selling expenses and construction costs

Costs, administrative & selling expenses and construction costs declined by R\$ 31.4million in 2017 (0.3%). Excluding construction costs, there was an increase of R\$ 539.5 million (7.7%).

As a percentage of net revenue, administrative & selling expenses and construction costs represented 72.9% in 2017, against 75.7% in 2016.

5.1. Salaries and payroll charges and Pension plan obligations

There was an increase of R\$ 433.1 million or 19.9% in 2017, mainly due to the following factors:

- Reduction of R\$ 307.4 million in non-recurring expenses in 2016 due to the migration of 3,572 participants from the Defined Benefit Plan (G1) to the Defined Contribution Plan (Sabesprev Mais), generating an early reduction of R\$ 334.2 million in the actuarial deficit, offset by the extraordinary contribution and incentive of R\$ 26.8 million;
- Increase of R\$ 110.4 million, mostly due to the 1% increase related to the Career and Salary Plan since December 2016 and the 3.71% pay rise in May 2017;
- Increase of R\$ 31.9 million in termination expenses;
- Increase of R\$ 18.0 million in health care expenses; and

- Increase of R\$ 14.7 million in overtime expenses.

The above increases were partially offset by the R\$ 63.9 million decline in private plan provision due to changes in the actuarial assumptions.

5.2. Electricity

Electricity expenses totaled R\$ 796.1 million in 2017, a decrease of R\$ 138.9 million or 14.9%, against R\$ 935.0 million registered in 2016. This variation was mainly influenced by:

- Average reduction of 12.7% in the free market tariffs (ACL - *Ambiente de Contratação Livre*), with a 16.9% increase in consumption;
- Average reduction of 27.5% in the grid market tariff (TUSD - *Tarifas de Uso do Sistema de Distribuição*), with a 19.6% increase in consumption; and
- Average reduction of 5.3% in the regulated market tariffs (ACR - *Ambiente de Contratação Regulada*), with a 5.7% decrease in consumption.

In 2017, the ACL accounted for 34.9% of the total electricity consumed by the Company, TUSD accounted for 32.9%, and ACR represented 32.2% of total consumption.

5.3. General expenses

An increase of R\$ 73.2 million or 8.6%, totaling R\$ 928.2 million in 2017, against R\$ 855.0 million in 2016, mainly due to the following reasons:

- R\$ 70.3 million increase referring to the agreement signed with the EMAE - *Empresa Metropolitana de Águas e Energia* on October 28, 2016, which had a suspensive clause, fulfilled on October 19, 2017; and
- Higher provision for transfer to the Municipal Fund of Environmental Sanitation and Infrastructure, in the amount of R\$ 36.6 million, due to the increase in revenue obtained with the city of São Paulo.

The increases described above were partially offset by the lower provisioning for lawsuits in 2017, in the amount of R\$ 29.5 million.

5.4. Depreciation and amortization

An increase of R\$ 155.3 million or 13.5%, totaling R\$ 1,301.9 million in 2017, against R\$ 1,146.6 million in 2016, mainly due to the beginning of operations of intangible assets, in the amount of R\$ 1.8 billion.

6. Other operational revenues (expenses), net

This line presented a decrease of R\$ 10.4 million, chiefly influenced by the estimate for losses, in 2017, on discontinued concessions, in the amount of R\$ 24.1 million.

The factor above was partially offset by higher revenues from the sale of surplus energy, in the amount of R\$ 8.5 million.

7. Financial result

7.1. Financial income and expenses

7.1.1. Financial expenses

Decrease of R\$ 53.6 million, mainly due to the following events:

- A decrease of R\$ 27.7 million in interest and charges on domestic loans and financing, mainly as a result of the lower CDI rate in 2017, when compared to the previous year (9.9% and 14.0%, respectively);
- An increase of R\$ 5.8 million in interest and charges on international loans and financing, mainly due to the appreciation of the dollar and the yen against the real in 2017 (1.5% and 5.3%, respectively), versus a devaluation in 2016 (-16.5% and -13.9%, respectively); and
- A R\$ 31.7 million decrease in other financial expenses, largely due to the lower provisioning for interest on court proceedings in 2017.

7.1.2. Financial income

Decrease of R\$ 59.4 million, mainly due to a higher adjustment to present value of installment agreements in 2017.

7.2. Monetary and exchange rate variation on assets and liabilities

7.2.1 Monetary and exchange rate variation on liabilities

The effect of monetary/exchange-rate variations on liabilities in 2017 was R\$ 1,088.5 million higher than in 2016, mainly due to:

- Reduction of R\$ 58.2 million in expenses with the monetary variation on loans and financing, mainly as a result of the lower variation of the IPCA rate in 2017 when compared to the variation registered in 2016 (3.0% and 6.3%, respectively);
- Increase of R\$ 1,186.6 million in exchange variation on loans and financing, due to the appreciation of the dollar and the yen against the real in 2017 (1.5% and 5.3%, respectively), compared to a devaluation in 2016 (-16.5% and -13.9%, respectively); and
- Decrease of R\$ 39.9 million in other monetary variations, due to the lower update of lawsuits in 2017, resulting from the reduction of the INPC (National Consumer Price Index) rate.

7.2.2. Monetary / exchange rate variation on assets

Decrease of R\$ 63.2 million, chiefly due to lower monetary restatement of judicial deposits and overdue accounts, as a result of the reduction of 2.07% and 2.28%, respectively, in INPC and IPC, in 2017, compared to 6.58% and 6.55%, respectively, in 2016.

8. Income tax and social contribution

There was a R\$ 197.6 million decrease, due to the lower taxable result reported in the period, mainly impacted by the appreciation of the dollar and the yen against the real in 2017, versus the devaluation occurred in 2016.

9. Indicators

9.1. Operating

(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

(1) Year-to-date in %

(2) Last day average

(3) R\$/ sell rate previous day price

(*) Unaudited

10. Loans and financing

In February 2018, the Company carried out its 22nd debenture issue, totaling R\$ 750.0 million, in three series. The first series totals R\$ 100.0 million, due in February 2021, yielding the CDI plus a spread of 0.58% per year; the second series totals R\$ 400.0 million, due in February 2023, yielding the CDI plus a spread of 0.90% per year, both with interest payments every six months; and the third series totals R\$ 250.0 million, due in February 2025, yielding the IPCA plus interest of 6.00% per year, with annual interest payments. The proceeds were allocated to refinance financial commitments maturing in 2018 and to recompose the Company's cash.

11. Capex

2017 investments, totaling R\$ 3.4 billion, including R\$ 866 million related to the São Lourenço PPP, still reflected the priority given to the water supply infrastructure.

The chart below shows the breakdown of investment by water, sewage and region:

Capex plan 2018- 2022: R\$ 17.3 billion

For the 2018- 2022 period, the Company plans to directly invest approximately R\$ 17.3 billion, of which R\$ 7.1 billion in water and R\$ 10.2 billion in sewage collection and treatment.

12. Conference calls

In English

March 29, 2018 - Thursday

01:00 pm US EST / 02:00 pm (Brasília)

Dial in: + 1 (412) 317-5486

Conference ID: Sabesp

Replay available for 7 days

Dial in: +1 (412) 317-0088

Replay ID: 10116593

[Click here](#) for the webcast

In Portuguese

March 29, 2018 - Thursday

9:30 am US EST / 10:30 am (Brasília)

Dial in: +55 (11) 3127-4971 or 3728-5971

Conference ID: Sabesp

Replay available for 7 days

Dial in: +55 (11) 3127-4999

Replay ID: 43846523

[Click here](#) for the webcast

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Income Statement

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