

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

April 01, 2014

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 1, 2014
(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 2013 results

São Paulo, March 28, 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 **the fiscal year 2013**. 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.

1. Financial highlights

| | 4Q12 | 4Q13 | Chg. (R\$) | % | 2012 | 2013 | Chg. (R\$) | R\$ million % |
|--|---------|---------|---------------|---------|----------|----------|---------------|---------------------|
| (+) Gross operating revenue | 2,425.8 | 2,520.5 | 94.7 | 3.9 | 8,926.7 | 9,540.0 | 613.3 | 6.9 |
| (+) Construction revenue | 723.5 | 740.9 | 17.4 | 2.4 | 2,464.5 | 2,444.8 | (19.7) | (0.8) |
| (-) COFINS and PASEP taxes | 175.4 | 159.5 | (15.9) | (9.1) | 653.6 | 669.2 | 15.6 | 2.4 |
| (=) Net operating revenue | 2,973.9 | 3,101.9 | 128.0 | 4.3 | 10,737.6 | 11,315.6 | 578.0 | 5.4 |
| (-) Costs and expenses | 1,439.0 | 1,516.0 | 77.0 | 5.4 | 5,450.2 | 5,788.0 | 337.8 | 6.2 |
| (-) Construction costs | 710.4 | 725.8 | 15.4 | 2.2 | 2,414.4 | 2,394.5 | (19.9) | (0.8) |
| (+) Equity result | (2.9) | 0.9 | 3.8 | (131.0) | (6.5) | 2.4 | 8.9 | 136.9 |
| (+) Other operating revenue/expenses | 9.5 | (18.7) | (28.2) | (296.8) | (23.2) | 3.3 | 26.5 | 114.2 |
| (=) Earnings before financial result, income tax and social contribution | 831.1 | 842.3 | 11.2 | 1.3 | 2,843.3 | 3,138.8 | 295.5 | 10.4 |
| (+) Net financial | 100.0 | (183.4) | (283.4) | (283.4) | (295.7) | (483.2) | (187.5) | 63.4 |
| (=) Earnings before income tax and social contribution | 931.1 | 658.9 | (272.2) | (29.2) | 2,547.6 | 2,655.6 | 108.0 | 4.2 |
| (+) Income tax and social contribution | (165.7) | (68.2) | 97.5 | (58.8) | (635.7) | (732.0) | (96.3) | 15.1 |
| Net Income | 765.4 | 590.7 | (174.7) | (22.8) | 1,911.9 | 1,923.6 | 11.7 | 0.6 |
| Earnings per share (R\$) | 3.36 | 2.59 | | | 8.39 | 8.44 | | |

Adjusted EBITDA Reconciliation (Non-accounting measures)

| | 4Q12 | 4Q13 | Chg. (R\$) | % | 2012 | 2013 | Chg. (R\$) | R\$ million % |
|---|---------|-------|---------------|---------|---------|---------|---------------|---------------------|
| Net income | 765.4 | 590.7 | (174.7) | (22.8) | 1,911.9 | 1,923.6 | 11.7 | 0.6 |
| (+) Income tax and social contribution | 165.7 | 68.2 | (97.5) | (58.8) | 635.7 | 732.0 | 96.3 | 15.1 |
| (+) Net financial | (100.0) | 183.4 | 283.4 | (283.4) | 295.7 | 483.2 | 187.5 | 63.4 |
| (+) Other operating revenues/expenses | (9.5) | 18.7 | 28.2 | (296.8) | 23.2 | (3.3) | (26.5) | (114.2) |
| (=) Earnings before financial result (EBIT)* | 821.6 | 861.0 | 39.4 | 4.8 | 2,866.5 | 3,135.5 | 269.0 | 9.4 |

| | | | | | | | | |
|-----------------------------------|---------|---------|-------|------|---------|---------|-------|------|
| (+) Depreciation and amortization | 194.8 | 270.8 | 76.0 | 39.0 | 738.5 | 871.1 | 132.6 | 18.0 |
| (=) Adjusted EBITDA ** | 1,016.4 | 1,131.8 | 115.4 | 11.4 | 3,605.0 | 4,006.6 | 401.6 | 11.1 |
| (%) Adjusted EBITDA margin | 34.2 | 36.5 | | | 33.6 | 35.4 | | |

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

(**) 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 2013, net operating revenue reached R\$ 11.3 billion, a 5.4% growth compared to 2012.

Costs and expenses, including construction costs, increased 4.0%, from R\$ 7.9 billion in 2012 to R\$ 8.2 billion in 2013.

EBIT grew 9.4%, from R\$ 2.9 billion in 2012 to R\$ 3.1 billion in 2013.

Adjusted EBITDA increased 11.1%, from R\$ 3.6 billion in 2012 to R\$ 4.0 billion in 2013.

The adjusted EBITDA margin moved from 33.6% in 2012 to 35.4% in 2013. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 44.6% in 2013 (43.0% in 2012).

Net income grew 0.6%, from R\$ 1.91 billion in 2012 to R\$ 1.92 billion in 2013.

2. Gross operating revenue

Gross operating revenue from water and sewage grew from R\$ 8.9 billion in 2012 to R\$ 9.5 billion in 2013, an increase of R\$ 613.3 million or 6.9%.

The main factors that led to this variation were:

- Increase of 2.8% in the Company's total billed volume (2.6% in water and 2.9% in sewage); and
- Average effect of the 5.6% tariff adjustment.

The tariff adjustment in 2013 were:

- Tariff adjustment of 5.15% since September 2012;
- The tariff repositioning index of 2.35% applied since April 2013; and

- Tariff adjustment of 3.1% since December 2013, whose impact will begin in January 2014.

3. Construction revenue

Construction revenue decreased R\$ 19.7 million or 0.8%, when compared to 2012. There were no material variations in concession-related investments.

4. Billed volume

The following tables show the water and sewage billed volume, year-on-year and quarter-on-quarter, per customer category and region, with highlight to the volume of effluents to Aquapolo Ambiental for the production of reused water, which are now disclosed separately from reused water produced by Sabesp.

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

| Category | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 4Q12 | 4Q13 | % | 4Q12 | 4Q13 | % | 4Q12 | 4Q13 | % |
| Residential | 392.7 | 405.6 | 3.3 | 324.9 | 336.9 | 3.7 | 717.6 | 742.5 | 3.5 |
| Commercial | 44.0 | 44.8 | 1.8 | 40.8 | 41.8 | 2.5 | 84.8 | 86.6 | 2.1 |
| Industrial | 9.7 | 10.2 | 5.2 | 10.4 | 11.2 | 7.7 | 20.1 | 21.4 | 6.5 |
| Public | 13.7 | 13.9 | 1.5 | 10.7 | 10.9 | 1.9 | 24.4 | 24.8 | 1.6 |
| Total retail | 460.1 | 474.5 | 3.1 | 386.8 | 400.8 | 3.6 | 846.9 | 875.3 | 3.4 |
| Wholesale | 75.6 | 75.6 | - | 6.3 | 6.9 | 9.5 | 81.9 | 82.5 | 0.7 |
| Reused water | 0.1 | 0.1 | - | - | - | - | 0.1 | 0.1 | - |
| Effluents | - | - | - | - | 3.3 | - | - | 3.3 | - |
| Total | 535.8 | 550.2 | 2.7 | 393.1 | 411.0 | 4.6 | 928.9 | 961.2 | 3.5 |
| | 2012 | 2013 | % | 2012 | 2013 | % | 2012 | 2013 | % |
| Residential | 1,530.0 | 1,565.6 | 2.3 | 1,262.6 | 1,299.1 | 2.9 | 2,792.6 | 2,864.7 | 2.6 |
| Commercial | 172.8 | 175.4 | 1.5 | 160.5 | 163.4 | 1.8 | 333.3 | 338.8 | 1.7 |
| Industrial | 38.3 | 39.4 | 2.9 | 41.6 | 44.4 | 6.7 | 79.9 | 83.8 | 4.9 |
| Public | 54.8 | 54.6 | (0.4) | 42.5 | 42.5 | - | 97.3 | 97.1 | (0.2) |
| Total retail | 1,795.9 | 1,835.0 | 2.2 | 1,507.2 | 1,549.4 | 2.8 | 3,303.1 | 3,384.4 | 2.5 |
| Wholesale | 297.5 | 299.0 | 0.5 | 27.3 | 29.7 | 8.8 | 324.8 | 328.7 | 1.2 |
| Reused water | 0.4 | 0.4 | - | - | - | - | 0.4 | 0.4 | - |
| Effluents | - | - | - | - | 14.7 | - | - | 14.7 | - |
| Total | 2,093.8 | 2,134.4 | 1.9 | 1,534.5 | 1,593.8 | 3.9 | 3,628.3 | 3,728.2 | 2.8 |

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

| Region | Water | | | Sewage | | | Water + Sewage | | |
|-------------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 4Q12 | 4Q13 | % | 4Q12 | 4Q13 | % | 4Q12 | 4Q13 | % |
| Metropolitan | 301.8 | 310.3 | 2.8 | 256.9 | 264.7 | 3.0 | 558.7 | 575.0 | 2.9 |
| Regional ⁽²⁾ | 158.3 | 164.2 | 3.7 | 129.9 | 136.1 | 4.8 | 288.2 | 300.3 | 4.2 |
| Total retail | 460.1 | 474.5 | 3.1 | 386.8 | 400.8 | 3.6 | 846.9 | 875.3 | 3.4 |
| Wholesale | 75.6 | 75.6- | - | 6.3 | 6.9 | 9.5 | 81.9 | 82.5 | 0.7 |
| Reused water | 0.1 | 0.1 | - | - | - | - | 0.1 | 0.1 | - |
| Effluents | - | - | - | - | 3.3 | - | - | 3.3 | - |
| Total | 535.8 | 550.2 | 2.7 | 393.1 | 411.0 | 4.6 | 928.9 | 961.2 | 3.5 |
| | 2012 | 2013 | % | 2012 | 2013 | % | 2012 | 2013 | % |
| Metropolitan | 1,181.9 | 1,206.9 | 2.1 | 1,005.7 | 1,029.2 | 2.3 | 2,187.6 | 2,236.1 | 2.2 |
| Regional ⁽²⁾ | 614.0 | 628.1 | 2.3 | 501.5 | 520.2 | 3.7 | 1,115.5 | 1,148.3 | 2.9 |
| Total retail | 1,795.9 | 1,835.0 | 2.2 | 1,507.2 | 1,549.4 | 2.8 | 3,303.1 | 3,384.4 | 2.5 |
| Wholesale | 297.5 | 299.0 | 0.5 | 27.3 | 29.7 | 8.8 | 324.8 | 328.7 | 1.2 |
| Reused water | 0.4 | 0.4 | - | - | - | - | 0.4 | 0.4 | - |
| Effluents | - | - | - | - | 14.7 | - | - | 14.7 | - |
| Total | 2,093.8 | 2,134.4 | 1.9 | 1,534.5 | 1,593.8 | 3.9 | 3,628.3 | 3,728.2 | 2.8 |

(1) Unaudited

(2) Including coastal and interior region

5. Costs, administrative and selling expenses

In 2013, costs, administrative and selling expenses, grew 4.0% (R\$ 317.9 million). Excluding construction costs, total costs and expenses grew 6.2%. As a percentage of net revenue, cost and expenses decreased from 73.2% in 2012 to 72.3% in 2013.

| | 4Q12 | 4Q13 | Chg. (R\$) | % | 2012 | 2013 | Chg. (R\$) | % |
|---|----------------|----------------|---------------|-------------|----------------|----------------|---------------|------------|
| Payroll and benefits | 462.2 | 484.3 | 22.1 | 4.8 | 1,738.9 | 1,927.2 | 188.3 | 10.8 |
| Supplies | 52.0 | 51.0 | (1.0) | (1.9) | 181.8 | 193.4 | 11.6 | 6.4 |
| Treatment supplies | 42.3 | 57.1 | 14.8 | 35.0 | 177.5 | 240.7 | 63.2 | 35.6 |
| Services | 296.5 | 303.3 | 6.8 | 2.3 | 1,075.5 | 1,112.2 | 36.7 | 3.4 |
| Electric power | 147.2 | 141.9 | (5.3) | (3.6) | 590.0 | 552.9 | (37.1) | (6.3) |
| General expenses | 186.3 | 175.2 | (11.1) | (6.0) | 687.5 | 711.0 | 23.5 | 3.4 |
| Tax expenses | 11.5 | 12.5 | 1.0 | 8.7 | 68.3 | 75.6 | 7.3 | 10.7 |
| Sub-total | 1,198.0 | 1,225.3 | 27.3 | 2.3 | 4,519.5 | 4,813.0 | 293.5 | 6.5 |
| Depreciation and amortization | 194.8 | 270.8 | 76.0 | 39.0 | 738.5 | 871.1 | 132.6 | 18.0 |
| Credit write-offs | 46.2 | 19.9 | (26.3) | (56.9) | 192.2 | 103.9 | (88.3) | (45.9) |
| Sub-total | 241.0 | 290.7 | 49.7 | 20.6 | 930.7 | 975.0 | 44.3 | 4.8 |
| Costs and expenses | 1,439.0 | 1,516.0 | 77.0 | 5.4 | 5,450.2 | 5,788.0 | 337.8 | 6.2 |
| Construction costs | 710.4 | 725.8 | 15.4 | 2.2 | 2,414.4 | 2,394.5 | (19.9) | (0.8) |
| Costs, adm., selling and construction expenses | 2,149.4 | 2,241.8 | 92.4 | 4.3 | 7,864.6 | 8,182.5 | 317.9 | 4.0 |
| % of net revenue | 72.3 | 72.3 | - | - | 73.2 | 72.3 | - | - |

5.1. Payroll and benefits

In 2013 payroll and benefits grew R\$ 188.3 million or 10.8%, from R\$ 1,738.9 million to R\$ 1,927.2 million, due to the following:

- 6.17% increase in wages since May 2012 and of 8.0% since May 2013 related to the implementation of the Company's new career and wage plan, with an impact of approximately R\$ 125.0 million;
- R\$ 38.0 million upturn in the provision for the Defined Benefit Plan, arising from changes in actuarial assumptions; and
- R\$ 11.0 million increase in meal expenses, mainly due to the 13.6% adjustment on meal voucher in May 2013, settled in the collective bargaining agreement.

In 4Q13 payroll and benefits grew R\$ 22.1 million or 4.8%, due to:

- 8.0% increase in wages since May 2013, with an impact of approximately R\$ 26.9 million;
- Provision for the Defined Benefit Plan in the amount of R\$ 7.7 million, arising from changes in actuarial assumptions; and
- R\$ 4.6 million increase in meal expenses, mainly due to the 13.6% adjustment on meal voucher in May 2013, settled in the collective bargaining agreement.

The above-mentioned increases were partially offset by the R\$ 15.6 million decrease, resulting from the increased adherence of employees who requested retirement and the approval of Law 12,506/11, which changes notice from 30 to 90 days in case of dismissal without cause in 2012.

5.2. Supplies

In 2013, expenses with supplies increased by R\$ 11.6 million or 6.4%, when compared to the previous year, from R\$ 181.8 million to R\$ 193.4 million, mostly due to:

- Preventive and corrective maintenance in several water and sewage systems, in the amount of R\$ 5.2 million;

- Acquisition of supplies for maintenance and renovation in several operating areas of the São Paulo Metropolitan Region, in the amount of R\$ 2.1 million; and
- Expenses with the upkeep of administrative facilities and properties, in the amount of R\$ 2.5 million.

5.3. Treatment supplies

Treatment supplies expenses in 2013 were R\$ 63.2 million or 35.6% higher than in 2012, from R\$ 177.5 million to R\$ 240.7 million. The main factors for this variation were:

- Aluminum polychloride, a suitable product for high flows, in the amount R\$ 13.8 million, essentially in the Guaraú Water Treatment Station (WTS) with an increase of 28.3% in consumption and an upturn of 47.5% in the average cost;
- Iron sulfate in the amount of R\$ 7.4 million, replacing aluminum polychloride and iron chloride at the Rodolfo Costa e Silva and Rio Grande WTS, for pricing conditions;
- Hydrogen peroxide in the amount of R\$ 7.0 million, as a result of the proliferation of algae and odor at the sewage pumping stations in the Baixada Santista region;
- Sodium hypochlorite in the amount of R\$ 6.4 million, as it was used gas to replace chlorine due to its increased efficiency and safety, used in untreated water in the Rio Grande WTS and several water treatment stations in the countryside and the coastal; and
- Increase of R\$ 12.6 million in the consumption of several products, such as: (i) odor neutralizer in the Lavapés and Itatiba Sewage Treatment Stations (STS), in the amount of R\$ 4.1 million; (ii) lime resulting from the need for increased alkalization in the Cubatão and Rodolfo Costa e Silva WTS, in the amount of R\$ 3.8 million; (iii) aluminum sulfate, due to the decline in the quality of untreated water in the Taiapuêba and Casa Grande WTS, in the amount of R\$ 3.1 million; and (iv) activated carbon, in the amount of R\$ 1.6 million, due to watershed and climate conditions.

5.4. Services

In 2013 this item grew R\$ 36.7 million or 3.4%, from R\$ 1,075.5 million to R\$ 1,112.2 million. The main factors were:

- Paving services and replacement of sidewalks, maintenance in the water and sewage network connections, in the amount of R\$ 21.0 million, mainly due to the intensification of services referring to the Global Sourcing contract, used at the Corporate Program for Reduction of Water Loss at the São Paulo

Metropolitan Region;

- Preventive and corrective maintenance in the water and sewage systems in the amount of R\$ 11.3 million;
- Environmental compensation with beach recovery services, in the amount of R\$ 9.4 million, due to the public-interest civil action in the cost area;
- Hiring of consultancy, advisory and specialized services, with a R\$ 7.3 million increase, mainly comprising: diagnosis of the first sewage connection, dissemination of the *Se Liga na Rede* ("Connect to the Network") program, streamlining of the sewage collection system of the sewersheds and implementation of a new technology to supply consumers in the São Paulo Metropolitan Region;
- Expenses with risk contracts for credit recovery, in the amount of R\$ 6.9 million. As a result of these contracts, collection initiatives generated an increase of R\$ 89.3 million in revenue in 2013;
- Maintenance of properties and facilities, in the amount of R\$ 6.4 million;
- Maintenance of software, in the amount of R\$ 6.4 million;

- Property cleaning and security, in the amount of R\$ 5.5 million, due to the expansion of the monitored areas (Reservoirs, WTSs and STSs);
- Sludge transportation and disposal in the amount of R\$ 5.0 million; and
- Hydrometer reading and bill delivery expenses in the amount of R\$ 4.8 million, as a result of the new contracts with services expansion, such as: property inspections, service requests, analysis of outstanding debt and revision of bills.

Services recorded the following decreases:

- Advertising campaigns in the amount of R\$ 29.4 million; and
- Revision of provision in the amount of R\$ 20.5 million, due to the end of the agreement settled with the São Paulo Municipal Government.

5.5. Electric power

This item decreased R\$ 37.1 million, or 6.3%, from R\$ 590.0 million in 2012 to R\$ 552.9 million in 2013, mainly due to the average decrease of 55.1% in the Tariff for the Use of Distribution System (TUSD), as a consequence of Provisional Presidential Decree 579/12 and Law 12,783/13. The reduction in TUSD was partially offset by the average increase of 5.6% in the free market tariffs and the higher consumption in 2013.

5.6. General expenses

General expenses grew by R\$ 23.5 million or 3.4%, from R\$ 687.5 million in 2012 to R\$ 711.0 million in 2013, due to the following:

- R\$ 21.2 million in expropriation expenses, chiefly due to the fulfillment of the commitments to the municipality of Paraguaçu Paulista; and
- R\$ 20.5 million in provision related to the transfer to the municipal fund, pursuant to the Service Agreement with the São Paulo Municipal Government, as a result of the increase in revenues.

The increases mentioned above were partially offset by the R\$ 14.2 million decrease in expenses for lawsuits.

5.7. Depreciation and amortization

Depreciation and amortization increased R\$ 132.6 million or 18.0%, from R\$ 738.5 million in 2012 to R\$ 871.1 million in 2013, due to the transfer of works to the operating intangible asset, in the amount of R\$ 1.5 billion.

5.8. Credit write-offs

Credit write-offs decreased R\$ 88.3 million, from R\$ 192.2 million in 2012 to R\$ 103.9 million in 2013, chiefly due to:

- Additional provision held in 2012, in the amount of R\$ 49.5 million, for overdue agreements with private clients (R\$ 14.4 million) and public state entities (R\$ 35.1 million); and
- Higher recoveries, through agreements for payment in installments, with an increase of R\$ 39.5 million.

5.9. Tax expenses

In 2013, there was an increase of R\$ 7.3 million or 10.7%, chiefly due to ARSESP's Regulation, Control and Inspection Fee, following the upturn in Net Operating Revenue.

6. Other operating revenues and expenses

6.1. Other operating revenues

Recorded a R\$ 11.4 million decrease, mainly due to an upturn in imposed fines, supplier guarantees and the selling of obsolete assets in 2012.

6.2. Other operating expenses

R\$ 37.4 million decrease, as a result of the provision for losses regarding the indemnification of the assets related to the concession in the municipality of Diadema, recognized in 2012, in the amount of R\$ 60.3 million. This decrease was offset by the R\$ 17.8 million increase in the write-off of assets, due to the replacement of old water and sewage connections with new ones.

7. Net financial

| | 2012 | 2013 | Var. | R\$ million % |
|-------------------------------------|----------------|----------------|----------------|------------------------------|
| Financial expenses, net of revenues | (247.5) | (200.9) | 46.6 | (18.8) |
| Net monetary variation | (48.2) | (282.3) | (234.1) | 485.7 |
| Net financial | (295.7) | (483.2) | (187.5) | 63.4 |

7.1. Financial revenues and expenses

| | 2012 | 2013 | Var. | R\$ million % |
|--|-------------|-------------|-------------|------------------------------|
|--|-------------|-------------|-------------|------------------------------|

| | | | | |
|---|----------------|----------------|-------------|---------------|
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | (304.7) | (294.7) | 10.0 | (3.3) |
| Interest and charges on international loans and financing | (87.8) | (84.6) | 3.2 | (3.6) |
| Other financial expenses | (121.6) | (122.5) | (0.9) | 0.7 |
| Total financial expenses | (514.1) | (501.8) | 12.3 | (2.4) |
| Financial revenues | 266.6 | 300.9 | 34.3 | 12.9 |
| Financial expenses net of revenues | (247.5) | (200.9) | 46.6 | (18.8) |

7.1.1. Financial expenses

Financial expenses dropped R\$ 12.3 million or 2.4%. The main reason was the decrease in interest and charges on domestic loans and financing, in the amount of R\$ 10.0 million, mainly due to: (i) the amortization of the Banco do Brasil loan in 2013, in the amount of R\$ 380.4 million; and (ii) the reduction in the interest spread resulting from the debt swap for the 17th debenture issue in February 2013 and the early settlement of the balance of the 11th debenture issue in March 2013.

7.1.2. Financial revenues

Financial revenues increased by R\$ 34.3 million or 12.9%, due to: (i) interest over installment agreements; and (ii) interest recognized between the issue and subscription dates of the 17th and 18th debentures.

7.2. Net monetary variation

| | 2012 | 2013 | Var. | R\$ million % |
|--|----------------|----------------|----------------|---------------------|
| Monetary variation on loans and financing | (34.6) | (72.7) | (38.1) | 110.1 |
| Currency exchange variation on loans and financing | (50.5) | (267.8) | (217.3) | 430.3 |
| Other monetary/exchange rate variations | (29.6) | (28.4) | 1.2 | (4.1) |
| Monetary variation on liabilities | (114.7) | (368.9) | (254.2) | 221.6 |
| Monetary variation on assets | 66.5 | 86.6 | 20.1 | 30.2 |
| Net monetary variation | (48.2) | (282.3) | (234.1) | 485.7 |

7.2.1. Monetary variation on liabilities

The effect on the monetary variation on liabilities in 2013 was R\$ 254.2 million or 221.6% higher than in 2012, specially:

- Increase of R\$ 217.3 million in expenses of exchange rate variation over loans and financing, mainly deriving from the higher appreciation of the US Dollar versus Brazilian Real in 2013 of 14.6%, when compared to the 8.9% appreciation in 2012; partially offset by the depreciation of the Japanese Yen versus Brazilian Real of 5.9% in 2013, compared to a 2.4% depreciation in 2012; and
- R\$ 38.1 million increase in monetary variation expenses over domestic loans and financing, as a result of the 17th and 18th debenture issue, in February and December 2013, respectively.

7.2.2. Monetary variation on assets

Monetary variation on assets increased by R\$ 20.1 million, chiefly due to inflation adjustment on installments agreements held in 2013.

8. Income tax and social contribution

Income tax and social contribution expenses increased by R\$ 96.3 million, due to increase in the taxable income in the period.

9. Indicators

9.1. Operating

The water loss ratio continued falling and closed 2013 at 24.4%. In regard of the use of water resources, it is important to stress the decline in real losses (water physically lost, which corresponds to around 65% of the micromasurement loss ratio), from 22.2% to 20.3% from December 2008 to December 2013. Since 2009, the Corporate Program for Reduction of Water Losses, designed to achieve a billing water loss ratio of 18% in 2020, had received R\$ 1.5 billion in investments since 2009 out of the planned amount of R\$ 5.9 billion by 2020. In 2013 alone, the Company invested R\$ 424 million.

Production volume edged down by 0.2% despite the 1.7% increase in the population served.

| | | | |
|--|--------|--------|-------|
| Water connections ⁽¹⁾ | 7,679 | 7,888 | 2.7 |
| Sewage connections ⁽¹⁾ | 6,128 | 6,340 | 3.5 |
| Population directly served - water ⁽²⁾ | 24.2 | 24.6 | 1.7 |
| Population directly served - sewage ⁽²⁾ | 21.0 | 21.5 | 2.4 |
| Number of employees | 15,019 | 15,015 | (0.0) |
| Water volume produced ⁽³⁾ | 3,059 | 3,053 | (0.2) |
| Water losses (%) | 25.7 | 24.4 | (5.1) |

(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 at the end of the period

(*) Unaudited

9.2. Financial

| | | |
|---------------------------------------|--------|--------|
| Amplified Consumer Price Index (IPCA) | 0.79% | 0.92% |
| Referential Rate (TR) | - | 0.0494 |
| Interbank Deposit Certificate (CDI) | 6.90% | 9.77% |
| US DOLAR (R\$) | 2.0435 | 2.3426 |
| YEN (R\$) | 0.0237 | 0.0223 |

(*) Unaudited

10. Loans and financing

At the end of 2013, the Company's total debt came to approximately R\$ 9.5 billion, 39.1% of which denominated in foreign currency. Most of the debt denominated in foreign currency was taken out with international financing institutions, with long maturity terms, amortization schedule diluted in time and low interest rates.

Sabesp uses its own and third-party funds to finance its investment plan, and most of the Company's debt (60.2%) was contracted with official national and international government agencies and multilateral organisms at a low cost and with long terms. Funds are also raised in the national and international capital

market, preferably to manage debt.

Regarding funding for capex, in December 2013, as part of Selection 2012-2013 of the Ministry of Cities, we entered into an agreement totaling R\$ 415 million to expand catchment and operating capacity at the Guaraú Water Treatment Station and to implement the R3 Tunnel Reservoir of the same WTS, part of the the Metropolitan Water Program. The total term for this contract is up to 144 months, with a grace period of 36 months and yielding the TJLP long-term interest rate + 1.66 p.a.

| | R\$ million | | | | | | | |
|-----------------------------------|------------------------|----------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Local market | | | | | | | | |
| Banco do Brasil | 100.5 | - | - | - | - | - | - | 100.5 |
| Caixa Econômica Federal | 83.3 | 61.9 | 61.7 | 64.7 | 68.4 | 72.5 | 630.7 | 1,043.2 |
| Debentures | - | 594.3 | 236.5 | 257.2 | 431.5 | 494.5 | 493.7 | 2,507.7 |
| Debentures BNDES | 57.3 | 73.4 | 73.4 | 73.4 | 73.4 | 73.3 | 123.8 | 548.0 |
| Debentures FI FGTS | 22.7 | 45.4 | 45.5 | 45.5 | 45.5 | 45.5 | 250.0 | 500.1 |
| BNDES | 47.2 | 49.4 | 56.0 | 58.1 | 58.1 | 58.1 | 226.2 | 553.1 |
| Others | 0.5 | 0.6 | 0.6 | 0.7 | 0.5 | - | 382.5 | 385.4 |
| Interest and charges | 113.5 | - | - | - | - | - | - | 113.5 |
| Local market total | 425.0 | 825.0 | 473.7 | 499.6 | 677.4 | 743.9 | 2,106.9 | 5,751.5 |
| International market | | | | | | | | |
| BID | 89.4 | 89.3 | 89.4 | 112.9 | 54.1 | 54.1 | 618.8 | 1,108.0 |
| BIRD | - | - | - | - | - | 2.9 | 84.2 | 87.1 |
| Eurobonds | - | - | 327.6 | - | - | - | 813.7 | 1,141.3 |
| JICA | 48.9 | 48.9 | 48.9 | 49.1 | 49.4 | 56.7 | 623.4 | 925.3 |
| BID 1983AB | 56.1 | 56.1 | 56.1 | 56.1 | 55.8 | 41.5 | 93.6 | 415.3 |
| Interest and charges | 21.6 | - | - | - | - | - | - | 21.6 |
| International market total | 216.0 | 194.3 | 522.0 | 218.1 | 159.3 | 155.2 | 2,233.7 | 3,698.6 |
| Total | 641.0 | 1,019.3 | 995.7 | 717.7 | 836.7 | 899.1 | 4,340.6 | 9,450.1 |

Amortization schedule

11. CAPEX

In 2013, Capex totaled R\$ 2.7 billion, of which R\$ 1.6 billion in São Paulo metropolitan region and R\$ 1.1 billion in the Regional Systems; R\$ 1.1 billion for water supply and R\$ 1.6 billion for sewage, as follows:

| | R\$ million | | |
|---------------------|--------------------|-------|---------|
| Metropolitan Region | 652.4 | 977.3 | 1,629.7 |
| Regional Systems | 451.3 | 635.0 | 1,086.3 |

| | | | |
|--------------|----------------|----------------|----------------|
| Total | 1,103.7 | 1,612.3 | 2,716.0 |
|--------------|----------------|----------------|----------------|

The Company plans to invest R\$ 12.8 billion between 2014 and 2018. R\$ 3.9 billion of which in water and R\$ 6.3 billion in sewage.

Investment Program 2014 – 2018: R\$ 12.8 billion

| | 2014 | 2015 | 2016 | 2017 | 2018 | R\$ million Total |
|-------------------|--------------|--------------|--------------|--------------|--------------|----------------------------------|
| Water Supply | 1,139 | 1,129 | 1,087 | 956 | 974 | 5,284 |
| Sewage Collection | 1,092 | 1,069 | 889 | 893 | 1,107 | 5,051 |
| Sewage Treatment | 411 | 478 | 553 | 647 | 339 | 2,428 |
| Total | 2,642 | 2,676 | 2,529 | 2,496 | 2,420 | 12,763 |

12. Conference calls

In Portuguese

March 31, 2014

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

Dial in: 55 (11) 2188-0155

Conference ID: Sabesp

Replay available for 7 days

Dial in: 55 (11) 2188-0155

Replay ID: Sabesp

[Click here to access the webcast](#)

In English

March 31, 2014

2:00 pm (Brasília) / 1:00 pm (US EST)

Dial in: 1 (412) 317-6776

Conference ID: Sabesp

Replay available for 7 days

Dial in: 1(412) 317-0088

Replay ID: 10042913

[Click here to access the webcast](#)

For more information, please contact:

Mario Arruda Sampaio

Phone.(55 11) 3388-8664

E-mail: maasampaio@sabesp.com.br

Angela Beatriz Airoidi

Phone.(55 11) 3388-8793

E-mail: abairoidi@sabesp.com.br

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

| Corporate Law Method (Law No. 6,404/76) | R\$ '000 | |
|---|-------------------|-------------------|
| | 2013 | 2012 |
| Gross Operating Revenue | 11,984,756 | 11,391,219 |
| Water Supply - Retail | 4,972,870 | 4,652,119 |
| Water Supply - Wholesale | 208,651 | 187,419 |
| Sewage Collection and Treatment | 4,187,274 | 3,901,435 |
| Sewage Collection and Treatment - Wholesale | 26,137 | 23,758 |
| Construction Revenue - Water | 1,011,412 | 1,053,543 |
| Construction Revenue - Sewage | 1,433,323 | 1,410,939 |
| Other Services | 145,089 | 162,006 |
| Taxes on Sales and Services - COFINS and PASEP | (669,189) | (653,588) |
| Net Operating Revenue | 11,315,567 | 10,737,631 |
| Operating Costs | (6,816,263) | (6,449,951) |
| Gross Profit | 4,499,304 | 4,287,680 |
| Operating Expenses | | |
| Selling | (637,103) | (697,252) |
| Administrative | (729,117) | (717,377) |
| Other operating revenue (expenses), net | 3,296 | (23,175) |
| Operating Income Before Shareholdings | 3,136,380 | 2,849,876 |
| Equity Result | 2,465 | (6,532) |
| Earnings Before Financial Results, net | 3,138,845 | 2,843,344 |
| Financial, net | (216,800) | (245,101) |
| Exchange gain (loss), net | (266,446) | (50,571) |
| Earnings before Income Tax and Social Contribution | 2,655,599 | 2,547,672 |
| Income Tax and Social Contribution | | |
| Current | (742,578) | (593,743) |
| Deferred | 10,538 | (42,029) |
| Net Income (loss) for the period | 1,923,559 | 1,911,900 |
| Registered common shares ('000) | 683,509 | 683,509 |
| Earnings per shares - R\$ (per share) | 2.81 | 2.80 |
| Depreciation and Amortization | (871,073) | (738,525) |
| Adjusted EBITDA | 4,006,622 | 3,605,044 |
| % over net revenue | 35.4% | 33.6% |

Balance Sheet

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

| | | |
|----------------------------------|------------------|------------------|
| Cash and Cash Equivalents | 1,782,001 | 1,915,974 |
| Accounts Receivable from Clients | 1,120,053 | 1,038,945 |
| Related Party Balance | 134,855 | 109,273 |
| Inventory | 58,401 | 53,028 |
| Restricted cash | 10,333 | 64,977 |
| Recoverable Taxes | 87,405 | 118,421 |
| Other Receivables | 61,039 | 29,980 |
| Total Current Assets | 3,254,087 | 3,330,598 |

Non-Current

| | | |
|---|-------------------|-------------------|
| Accounts Receivable from Clients | 395,512 | 335,687 |
| Related Party Balance | 130,457 | 153,098 |
| Judicial Deposits | 54,827 | 53,158 |
| Deferred income tax and social contribution | 114,030 | 145,302 |
| National Water Agency - ANA | 107,003 | 108,099 |
| Other Receivables | 94,952 | 111,047 |
| | 896,781 | 906,391 |
| Investments | 23,660 | 20,826 |
| Investment properties | 54,039 | 54,046 |
| Intangible Assets | 23,846,231 | 21,967,526 |
| Permanent Assets | 199,496 | 196,710 |
| | 24,123,426 | 22,239,108 |
| Total Non-Current Assets | 25,020,207 | 23,145,499 |
| Total Assets | 28,274,294 | 26,476,097 |

Current

| | | |
|---------------------------------------|------------------|------------------|
| Contractors and Suppliers | 275,051 | 295,392 |
| long term loans | 640,940 | 1,342,594 |
| Salaries and Payroll Charges | 314,926 | 267,332 |
| Other taxes and contributions payable | 115,382 | 152,710 |
| Interest on Own Capital Payable | 456,975 | 414,355 |
| Provisions | 631,374 | 565,083 |
| Services payable | 323,208 | 389,091 |
| Public private partnership | 20,241 | 24,357 |
| Contracts agreements payables | 77,360 | 148,220 |
| Other payables | 116,924 | 159,055 |
| Total Current Liabilities | 2,972,381 | 3,758,189 |

Non-Current

| | | |
|---|-------------------|-------------------|
| Loans and Financing | 8,809,134 | 7,532,661 |
| Deferred Cofins/Pasep taxes | 129,849 | 123,731 |
| Provisions | 549,008 | 624,071 |
| Pension Plan Obligations | 2,327,016 | 2,592,550 |
| Public private partnership | 322,267 | 331,960 |
| Contracts agreements payables | 88,678 | 87,407 |
| Other Payables | 145,160 | 168,766 |
| Total Non Current Liabilities | 12,371,112 | 11,461,146 |
| Shareholders' Equity | | |
| Capital Stock | 6,203,688 | 6,203,688 |
| Capital Reserves | 124,255 | 124,255 |
| Income reserve and accrued earnings | 6,736,389 | 5,387,634 |
| Other comprehensive income | (133,531) | (458,815) |
| Total Shareholders' Equity | 12,930,801 | 11,256,762 |
| Total Liabilities and Shareholders' Equity | 28,274,294 | 26,476,097 |

Cash Flow

| Brazilian Corporate Law | R\$ '000 | |
|--|------------------|------------------|
| Cash flow from operating activities: | | |
| Earnings before income tax and social contribution | 2,655,599 | 2,547,672 |
| Depreciation and Amortization | 871,073 | 738,525 |
| Losses from the sale of fixed and intangible assets | 28,498 | 12,059 |
| Provisions for bad debt | 103,864 | 192,236 |
| Provision and provisions monetary variation | 202,730 | 201,196 |
| Interest calculated over loans and financing payable | 390,039 | 404,196 |
| Monetary and exchange variation over loans and financing | 340,492 | 85,122 |
| Variation on liabilities and interest | 18,401 | 24,553 |
| Variation on assets and interest | (7,671) | (12,862) |
| Financial charges from clients | (234,138) | (171,481) |
| Fair value margin on intangible assets from | (50,248) | (50,072) |
| Provision for the conduct adjustment agreement (TAC) | 22,518 | 57,332 |
| Indemnities receivables | - | 60,295 |
| Equity result | (2,465) | 6,532 |
| São Paulo municipal government transfers | 3,168 | 2,466 |
| Provision for Sabesprev Mais | 9,167 | 5,728 |
| Pension plan obligations | 260,003 | 213,747 |
| Other write-offs | (33,576) | 34,772 |
| Adjusted net income (generated by operating activities) | 4,577,454 | 4,352,016 |
| Variation on Assets and Liabilities | (600,027) | (858,428) |
| (Increase) decrease in assets: | | |
| Accounts receivable from clients | (11,515) | 56,003 |
| Balances and transactions with related parties | 5,586 | 60,450 |
| Inventories | (6,133) | (8,858) |
| Recoverable Taxes | 31,016 | (29,758) |
| Judicial deposits | (1,669) | 1,020 |
| Other accounts receivable | (13,868) | (77,613) |
| Increase (decrease) in liabilities: | | |
| Contractors and suppliers | (15,454) | (16,898) |
| Payment for services | (65,883) | 5,975 |
| Salaries and payroll charges | 47,594 | (33,502) |
| Other taxes and contributions payable | (146,664) | (47,800) |
| Deferred COFINS/PASEP Taxes | 6,118 | 9,625 |
| Provisions | (211,502) | (583,871) |
| Pension plan obligations | (158,442) | (140,115) |
| Other accounts payable | (59,211) | (53,086) |

| | | |
|--|--------------------|--------------------|
| Others | (1,200,245) | (1,150,347) |
| Interest paid | (533,362) | (589,189) |
| Income tax and contribution paid | (666,883) | (561,158) |
| Net cash generated from operating activities | 2,777,182 | 2,343,241 |
| Cash flow from investing activities: | | |
| Acquisition of intangible assets | (2,305,031) | (2,008,699) |
| Acquisition of property, plant and equipment | (30,743) | (17,377) |
| Increase in investment | (369) | (5,372) |
| Restricted cash | 54,644 | 34,752 |
| Net cash used in investing activities | (2,281,499) | (1,996,696) |
| Cash flow from financing activities | | |
| Funding | 1,779,529 | 1,620,852 |
| Amortizations | (1,780,673) | (1,518,240) |
| Payment of interest on own capital | (498,669) | (578,705) |
| Public and private partnership | (13,809) | (40,285) |
| Program contracts payables | (116,034) | (56,272) |
| Net cash generated (invested) at financing activities | (629,656) | (572,650) |
| Increase (decrease) in cash and equivalents | (133,973) | (226,105) |
| 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 | 1,782,001 | 1,915,974 |
| Changes in Cash and Cash Equivalents | (133,973) | (226,105) |

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: April 1, 2014

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.
