

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

December 06, 2017

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 December, 2017
(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):

ITR – Quarterly Information Form – 9/30/2017 - CIA SANEAMENTO BÁSICO
ESTADO SÃO PAULO

Version : 1

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Company Information / Capital Breakdown

Number of Shares (Units)	Current Quarter 9/30/2017
Paid-in Capital	
Common	683,509,869
Preferred	0
Total	683,509,869
Treasury Shares	
Common	0
Preferred	0
Total	0

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Company Information / Cash Proceeds

Event	Approval	Proceeds	Date of Payment	Type of Share	Class of Share	Earnings per share (Reais / share)
Board of Directors' Meeting	3/27/2017	Interest on Capital	6/27/2017	Common		

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Parent Company's Financial Statements / Statement of Financial Position – Assets**(R\$ thousand)**

Code	Description	Current Quarter	Previous Year
		9/30/2017	12/31/2016
1	Total Assets	38,373,427	36,745,034
1.01	Current Assets	4,113,112	3,823,635
1.01.01	Cash and Cash Equivalents	2,101,000	1,886,221
1.01.03	Accounts Receivable	1,758,262	1,760,025
1.01.03.01	Trade Receivables	1,581,066	1,557,472
1.01.03.02	Other Receivables	177,196	202,553
1.01.03.02.01	Related-Party Balances	177,196	202,553
1.01.04	Inventories	123,238	58,002
1.01.06	Recoverable Taxes	11,047	42,633
1.01.06.01	Current Recoverable Taxes	11,047	42,633
1.01.08	Other Current Assets	119,565	76,754
1.01.08.03	Other	119,565	76,754
1.01.08.03.01	Restricted Cash	15,229	24,078
1.01.08.03.20	Other Receivables	104,336	52,676
1.02	Noncurrent Assets	34,260,315	32,921,399
1.02.01	Long-Term Assets	1,222,464	1,283,164
1.02.01.03	Accounts Receivable	157,867	153,834
1.02.01.03.01	Trade Receivables	157,867	153,834
1.02.01.06	Deferred Taxes	108,550	186,345
1.02.01.06.01	Deferred Income Tax and Social Contribution	108,550	186,345
1.02.01.08	Receivables from Related Parties	649,334	669,156
1.02.01.08.03	Receivables from Controlling Shareholders	649,334	669,156
1.02.01.09	Other Noncurrent Assets	306,713	273,829
1.02.01.09.04	Escrow Deposits	105,708	77,915
1.02.01.09.05	ANA – Water National Agency	73,363	81,221
1.02.01.09.20	Other Receivables	127,642	114,693

1.02.02	Investments	93,695	89,064
1.02.02.01	Equity Investments	35,795	31,096
1.02.02.01.04	Other Equity Investments	35,795	31,096
1.02.02.02	Investment Properties	57,900	57,968
1.02.03	Property, Plant and Equipment	259,737	302,383
1.02.04	Intangible Assets	32,684,419	31,246,788
1.02.04.01	Intangible Assets	32,684,419	31,246,788
1.02.04.01.01	Concession Contracts	8,887,097	8,864,607
1.02.04.01.02	Program Contracts	7,860,371	7,399,237
1.02.04.01.03	Services Contracts	15,489,172	14,552,707
1.02.04.01.04	Software License	447,779	430,237

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Parent Company's Financial Statements / Statement of Financial Position – Assets (R\$ thousand)

(R\$ thousand)

Code	Description	Current Quarter	Previous Year
		9/30/2017	12/31/2016
2	Total Liabilities	38,373,427	36,745,034
2.01	Current Liabilities	3,724,837	4,302,508
2.01.01	Labor and Pension Plan Liabilities	598,330	458,299
2.01.01.01	Social Security Liabilities	12,192	43,257
2.01.01.02	Labor Liabilities	586,138	415,042
2.01.02	Trade Payable	284,833	311,960
2.01.02.01	Domestic Suppliers	284,833	311,960
2.01.03	Tax Liabilities	128,115	168,757
2.01.03.01	Federal Tax Liabilities	120,613	159,176
2.01.03.01.01	Income Tax and Social Contribution Payable	15,107	0
2.01.03.01.02	PIS-PASEP and COFINS Payable	59,722	49,132
2.01.03.01.03	INSS (social security contribution) Payable	34,676	35,376
2.01.03.01.20	Other Federal Taxes	11,108	74,668
2.01.03.03	Municipal Tax Liabilities	7,502	9,581
2.01.04	Borrowings and Financing	1,388,013	1,246,567
2.01.04.01	Borrowings and Financing	721,166	635,701
2.01.04.01.01	In Domestic Currency	274,439	269,042

2.01.04.01.02	In Foreign Currency	446,727	366,659
2.01.04.02	Debentures	647,791	595,952
2.01.04.03	Financing through Finance Lease	19,056	14,914
2.01.05	Other Liabilities	666,925	1,386,591
2.01.05.01	Payables to Related Parties	881	1,853
2.01.05.01.03	Payables to Controlling Shareholders	881	1,853
2.01.05.02	Other	666,044	1,384,738
2.01.05.02.01	Dividends and Interest on Capital Payable	276	700,034
2.01.05.02.04	Services Payable	386,209	460,054
2.01.05.02.05	Refundable Amounts	11,014	12,240
2.01.05.02.06	Program Contract Commitments	129,425	109,042
2.01.05.02.07	Public-Private Partnership - PPP	33,865	31,898
2.01.05.02.09	Indemnities	10,567	9,379
2.01.05.02.20	Other Liabilities	94,688	62,091
2.01.06	Provisions	658,621	730,334
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	184,921	180,165
2.01.06.01.01	Tax Provisions	36,466	27,677
2.01.06.01.02	Social Security and Labor Provisions	47,428	47,873
2.01.06.01.04	Civil Provisions	101,027	104,615
2.01.06.02	Other Provisions	473,700	550,169
2.01.06.02.03	Provisions for Environmental Liabilities and Decommissioning	17,475	10,691
2.01.06.02.04	Provisions for Customers	380,616	462,965
2.01.06.02.05	Provisions for Suppliers	75,609	76,513
2.02	Noncurrent Liabilities	17,385,403	17,023,315
2.02.01	Borrowings and Financing	10,499,758	10,717,576
2.02.01.01	Borrowings and Financing	7,077,838	7,244,771
2.02.01.01.01	In Domestic Currency	2,120,641	1,951,067
2.02.01.01.02	In Foreign Currency	4,957,197	5,293,704
2.02.01.02	Debentures	2,881,944	2,935,203

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Parent Company's Financial Statements / Statement of Financial Position – Liabilities (R\$ thousand)

(R\$ thousand)

Code	Description	Current Quarter	Previous Year
		9/30/2017	12/31/2016
2.02.01.03	Financing through Finance Lease	539,976	537,602
2.02.02	Other Liabilities	6,442,485	5,862,998
2.02.02.02	Other	6,442,485	5,862,998
2.02.02.02.04	Pension Plan Liabilities	3,332,955	3,265,250
2.02.02.02.05	Program Contract Commitments	81,872	69,051
2.02.02.02.06	Public-Private Partnership - PPP	2,749,339	2,217,520
2.02.02.02.07	Indemnities	26,836	11,247
2.02.02.02.08	Labor Liabilities	6,247	29,625
2.02.02.02.09	Deferred COFINS/PASEP	132,243	138,071
2.02.02.02.20	Other Liabilities	112,993	132,234
2.02.04	Provisions	443,160	442,741
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	287,428	287,590
2.02.04.01.01	Tax Provisions	39,780	39,234
2.02.04.01.02	Social Security and Labor Provisions	239,760	234,338
2.02.04.01.04	Civil Provisions	7,888	14,018
2.02.04.02	Other Provisions	155,732	155,151
2.02.04.02.03	Provisions for Environmental Liabilities and Decommissioning	145,250	138,431
2.02.04.02.04	Provisions for Customers	6,265	12,074
2.02.04.02.05	Provisions for Suppliers	4,217	4,646
2.03	Equity	17,263,187	15,419,211
2.03.01	Paid-Up Capital	10,000,000	10,000,000
2.03.04	Profit Reserve	6,182,140	6,244,859
2.03.04.01	Legal Reserve	932,310	932,310
2.03.04.08	Additional Dividend Proposed	0	62,719
2.03.04.10	Reserve for Investments	5,249,830	5,249,830

2.03.05	Retained Earnings/Accumulated Losses	1,906,695	0
2.03.06	Equity Valuation Adjustments	-825,648	-825,648

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Parent Company's Financial Statements / Statement of Financial Position – Liabilities (R\$ thousand)

(R\$ thousand)

Code	Description	Current Quarter 7/01/2017 to 9/30/2017	YTD Current Year 1/01/2017 to 9/30/2017	Same Quarter Previous Year 7/01/2016 to 9/30/2016	YTD Previous Year 1/01/2016 to 9/30/2016
3.01	Revenue from Sales and/or Services	3,536,444	10,589,904	3,745,807	10,212,238
3.02	Cost of Sales and/or Services	-2,047,318	-6,350,177	-2,236,740	-6,445,167
3.02.01	Cost of Sales and/or Services	-1,352,848	-4,184,251	-1,163,280	-3,881,934
3.02.02	Construction Cost	-694,470	-2,165,926	-1,073,460	-2,563,233
3.03	Gross Profit	1,489,126	4,239,727	1,509,067	3,767,071
3.04	Operating Income/Expenses	-342,671	-1,301,297	-445,478	-1,235,752
3.04.01	Selling Expenses	-124,619	-576,737	-234,226	-574,446
3.04.02	General and Administrative Expenses	-233,926	-766,974	-218,041	-691,513
3.04.04	Other Operating Income	22,852	46,135	12,671	42,421
3.04.04.01	Other Operating Income	27,601	56,884	16,150	53,421
3.04.04.02	COFINS and PASEP	-4,749	-10,749	-3,479	-11,000
3.04.05	Other Operating Expenses	-8,210	-8,420	-6,407	-14,492
3.04.05.01	Loss on Write-off of Property, Plant and Equipment Items	-119	1,853	-2,826	-7,310
3.04.05.03	Tax Incentives	-7,248	-7,980	-3,570	-3,570
3.04.05.04	Surplus Cost of Electricity Sold	-145	-1,396	0	-3,102
3.04.05.20	Other	-698	-897	-11	-510
3.04.06	Equity Results	1,232	4,699	525	2,278
3.05	Income before Financial Result and Taxes	1,146,455	2,938,430	1,063,589	2,531,319
3.06	Financial Result	222,869	-54,549	-176,810	536,070
3.06.01	Financial Income	105,842	284,960	94,207	339,340
3.06.01.01	Financial Income	109,762	297,251	98,684	356,354
3.06.01.02	Exchange Gains	0	347	112	223
3.06.01.03	COFINS and PASEP	-3,920	-12,638	-4,589	-17,237
3.06.02	Financial Expenses	117,027	-339,509	-271,017	196,730
3.06.02.01	Financial Expenses	-136,131	-469,978	-191,812	-668,146
3.06.02.02	Exchange Losses	253,158	130,469	-79,205	864,876
3.07	Earnings before Income Tax	1,369,324	2,883,881	886,779	3,067,389
3.08	Income Tax and Social Contribution	-468,799	-977,186	-312,892	-1,067,182

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Parent Company's Financial Statements / Income Statement (R\$ thousand)

(R\$ thousand)

Code	Description	Current Quarter 7/01/2017 to 9/30/2017	YTD Current Year 1/01/2017 to 9/30/2017	Same Quarter Previous Year 7/01/2016 to 9/30/2016	YTD Previous Year 1/01/2016 to 9/30/2016
3.08.01	Current	-406,548	-899,391	-243,481	-994,684
3.08.02	Deferred	-62,251	-77,795	-69,411	-72,498
3.09	Net Result from Continued Operations	900,525	1,906,695	573,887	2,000,207
3.11	Profit/Loss for the Period	900,525	1,906,695	573,887	2,000,207
3.99	Earnings per Share - (Reais/Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Share	1.31750	2.78957	0.83962	2.92638
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Share	1.31750	2.78957	0.83962	2.92638

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Parent Company's Financial Statements / Income Statement (R\$ thousand)

(R\$ thousand)

Code	Description	Current Quarter 7/01/2017 to 9/30/2017	YTD Current Year 1/01/2017 to 9/30/2017	Same Quarter Previous Year 7/01/2016 to 9/30/2016	YTD Previous Year 1/01/2016 to 9/30/2016
4.01	Net Income for the Period	900,525	1,906,695	573,887	2,000,207
4.02	Other Comprehensive Income	0	0	-181,073	-181,073
	Actuarial Gains and (Losses) on Defined Benefit				
4.02.01	Pension Plans	0	0	-181,073	-181,073
4.03	Comprehensive Income for the Period	900,525	1,906,695	392,814	1,819,134

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Parent Company's Financial Statements / Statement of Comprehensive Income (R\$ thousand)

(R\$ thousand)

Code	Description	YTD Current Year 1/01/2017 to 9/30/2017	YTD Previous Year 1/01/2016 to 9/30/2016
6.01	Net Cash from Operating Activities	2,339,196	2,028,835

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6.01.01	Cash from Operations	4,659,239	3,562,907
6.01.01.01	Profit (loss) before Income Tax and Social Contribution	2,883,881	3,067,389
6.01.01.02	Provision and Inflation Adjustments on Provisions	138,571	207,313
6.01.01.03	Pension Plan Liabilities – Early Reduction (Curtailment)	0	-334,152
6.01.01.04	Finance Charges from Customers	-169,194	-158,219
6.01.01.05	Residual Value of Property, Plant and Equipment, Intangible Assets and Investment Properties Written-off	11,528	7,211
6.01.01.06	Depreciation and Amortization	974,487	859,055
6.01.01.07	Interest on Borrowings and Financing Payable	296,665	352,665
6.01.01.08	Monetary and Exchange Change on Borrowings and Financing	-86,081	-754,853
6.01.01.09	Interest and Monetary Changes on Liabilities	6,948	21,434
6.01.01.10	Interest and Monetary Changes on Assets	-28,710	-69,272
6.01.01.11	Allowance for Doubtful Accounts	87,480	110,181
6.01.01.12	Provision for Consent Decree (TAC)	60,670	12,229
6.01.01.13	Equity Results	-4,699	-2,278
6.01.01.14	Provision for Sabesprev Mais	0	235
6.01.01.15	Other Adjustments	-10,332	-6,466
6.01.01.16	Transfer of Funds to São Paulo Municipal Government	318,920	19,089
6.01.01.17	Construction Margin over Intangible Assets Resulting from Concession Contracts	-49,299	-57,006
6.01.01.18	Pension Plan Liabilities	228,404	288,352
6.01.02	Changes in Assets and Liabilities	-1,040,984	-173,827
6.01.02.01	Trade Receivables	49,471	-28,316
6.01.02.02	Related-Party Balances and Transactions	68,390	-3,597
6.01.02.03	Inventories	-65,200	13,385
6.01.02.04	Recoverable Taxes	31,586	65,244
6.01.02.05	Other Receivables	-56,751	88,705
6.01.02.06	Escrow Deposits	-17,678	31,740
6.01.02.08	Contractors and Suppliers	-217,200	-9,720
6.01.02.09	Payroll, Provisions and Social Contribution	79,361	59,815
6.01.02.10	Pension Plan Liabilities	-160,699	-134,274
6.01.02.11	Taxes and Contributions Payable	-151,611	-106,825
6.01.02.12	Services Payable	-392,765	-27,537
6.01.02.13	Other Liabilities	7,805	5,144
6.01.02.14	Provisions	-209,865	-131,711
6.01.02.15	Deferred Cofins/Pasep	-5,828	4,120
6.01.03	Other	-1,279,059	-1,360,245

6.01.03.01	Interest Paid	-494,094	-535,299
6.01.03.02	Income Tax and Social Contribution Paid	-784,965	-824,946
6.02	Net Cash from Investing Activities	-1,237,362	-1,444,922
6.02.01	Acquisition of Intangible Assets	-1,233,769	-1,432,336
6.02.02	Acquisition of Property, Plant and Equipment	-12,442	-23,313

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Parent Company's Financial Statements / Statement of Cash Flows – Indirect Method (R\$ thousand)

(R\$ thousand)

Code	Description	YTD Current Year	YTD Previous Year
		1/01/2017 to 9/30/2017	1/01/2016 to 9/30/2016
6.02.04	Restricted Cash	8,849	10,727
6.03	Net Cash from Financing Activities	-887,055	-807,662
6.03.01	Funding	893,178	493,863
6.03.02	Amortization	-953,482	-968,124
6.03.03	Payment of Interest on Equity	-765,933	-139,399
6.03.04	Public-Private Partnership - PPP	-23,528	-22,865
6.03.05	Program Contract Commitments	-37,290	-171,137
6.05	Increase (Decrease) in Cash and Cash Equivalents	214,779	-223,749
6.05.01	Opening Cash and Cash Equivalents	1,886,221	1,639,214
6.05.02	Closing Cash and Cash Equivalents	2,101,000	1,415,465

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Version : 1

Parent Company's Financial Statements / Statement of Changes in Equity / 1/01/2017 to 9/30/2017 (R\$ thousand)

(R\$ thousand)

Code	Description	Paid-up Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Earnings/Accumulated Losses	Retained	Other Comprehensive Income	Equity
5.01	Opening Balances	10,000,000	0	6,244,859		0	-825,648	15,419,211
5.03	Restated Opening Balances	10,000,000	0	6,244,859		0	-825,648	15,419,211
5.04	Capital Transactions with Partners	0	0	-62,719		0	0	-62,719
5.04.08	Additional Dividends Approved	0	0	-62,719		0	0	-62,719
5.05	Total Comprehensive Income	0	0	0		1,906,695	0	1,906,695
5.05.01	Net Income for the Period	0	0	0		1,906,695	0	1,906,695

Parent Company's Financial Statements / Statement of Changes in Equity / 1/01/2017 to 9/30/2017 (R\$ thousand)

5.07	Closing Balances	10,000,000	0	6,182,140	1,906,695	-825,648	17,263,187
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**Parent Company's Financial Statements / Statement of Changes in Equity / 1/01/2016 to 9/30/2016
(R\$ thousand)**

(R\$ thousand)

Code	Description	Paid-up Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Earnings/Accumulated Losses	Retained Comprehensive Income	Other Income	Eq
5.01	Opening Balances	10,000,000	0	4,069,988		0	-353,382	13,716,
5.03	Restated Opening Balances	10,000,000	0	4,069,988		0	-353,382	13,716,
5.04	Capital Transactions with Partners	0	0	-11,453		0	0	-11,
5.04.08	Additional Dividends Approved	0	0	-11,453		0	0	-11,
5.05	Total Comprehensive Income	0	0	0		2,000,207	-181,073	1,819,
5.05.01	Net Income for the Period	0	0	0		2,000,207	0	2,000,
5.05.02	Other Comprehensive Income	0	0	0		0	-181,073	-181,
5.05.02.06	Actuarial Gains and Losses	0	0	0		0	-181,073	-181,
5.07	Closing Balances	10,000,000	0	4,058,535		2,000,207	-534,455	15,524,

Parent Company's Financial Statements / Statement of Changes in Equity / 1/01/2017 to 9/30/2017 (R\$ thousand)

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Parent Company's Financial Statements / Statement of Value Added (R\$ thousand)

Code	Description	YTD Current Year 1/01/2017 to 9/30/2017	YTD Previous Year 1/01/2016 to 9/30/2016
7.01	Revenue	11,115,257	10,711,651
7.01.01	Goods, Products and Services Sold	8,930,628	8,148,172
7.01.02	Other Revenue	56,884	53,421
7.01.03	Revenue from Construction of own Assets	2,215,225	2,620,239
7.01.04	Allowance for/Reversal of Doubtful Accounts	-87,480	-110,181
7.02	Inputs Acquired from Third Parties	-3,921,047	-4,445,400
7.02.01	Costs of Sales and Services	-3,259,707	-3,801,316
7.02.02	Materials, Electricity, Outside Services and Others	-652,920	-629,592
7.02.04	Other	-8,420	-14,492
7.03	Gross Value Added	7,194,210	6,266,251
7.04	Retentions	-974,487	-859,055
7.04.01	Depreciation, Amortization and Depletion	-974,487	-859,055
7.05	Net Value Added Produced	6,219,723	5,407,196
7.06	Wealth Received in Transfer	302,297	358,855
7.06.01	Equity Results	4,699	2,278
7.06.02	Financial Income	297,598	356,577
7.07	Total Value Added to Distribute	6,522,020	5,766,051
7.08	Value Added Distribution	6,522,020	5,766,051
7.08.01	Personnel	1,779,458	1,351,586
7.08.01.01	Salaries and Wages	1,160,465	1,069,596
7.08.01.02	Benefits	457,107	187,243
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	161,886	94,747
7.08.02	Taxes and Contributions	1,964,668	2,045,460
7.08.02.01	Federal	1,859,833	1,954,985
7.08.02.02	State	73,653	61,118
7.08.02.03	Municipal	31,182	29,357
7.08.03	Value Distributed to Providers of Capital	871,199	368,798
7.08.03.01	Interest	816,233	299,777
7.08.03.02	Rental	54,966	69,021
7.08.04	Value Distributed to Shareholders	1,906,695	2,000,207
7.08.04.03	Retained Earnings/Accumulated Loss for the Period	1,906,695	2,000,207

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Comments on the Company's Performance**1. Financial highlights**

R\$ million

	3Q17	3Q16	Chg. (R\$)		9M17	9M16	Chg. (R\$)	
			R\$	%			R\$	%
Gross operating revenue	2,999.7	2,854.1	145.6	5.1	8,930.6	8,148.2	782.4	9.6
Construction revenue	712.9	1,097.8	(384.9)	(35.1)	2,215.2	2,620.2	(405.0)	(15.5)
COFINS and PASEP taxes	(176.1)	(206.1)	30.0	(14.6)	(555.9)	(556.2)	0.3	(0.1)
(=) Net operating revenue	3,536.5	3,745.8	(209.3)	(5.6)	10,589.9	10,212.2	377.7	3.7
Costs and expenses	(1,711.4)	(1,615.5)	(95.9)	5.9	(5,528.0)	(5,147.9)	(380.1)	7.4
Construction costs	(694.5)	(1,073.5)	379.0	(35.3)	(2,165.9)	(2,563.2)	397.3	(15.5)
Equity result	1.2	0.5	0.7	140.0	4.7	2.3	2.4	104.3
Other operating revenue (expenses), net	14.6	6.3	8.3	131.7	37.7	27.9	9.8	35.1
(=) Earnings before financial result, income tax and social contribution	1,146.4	1,063.6	82.8	7.8	2,938.4	2,531.3	407.1	16.1
Financial result	222.9	(176.8)	399.7	(226.1)	(54.5)	536.1	(590.6)	(110.2)
(=) Earnings before income tax and social contribution	1,369.3	886.8	482.5	54.4	2,883.9	3,067.4	(183.5)	(6.0)
Income tax and social contribution	(468.8)	(312.9)	(155.9)	49.8	(977.2)	(1,067.2)	90.0	(8.4)
(=) Net income	900.5	573.9	326.6	56.9	1,906.7	2,000.2	(93.5)	(4.7)
Earnings per share (R\$)*	1.32	0.84			2.79	2.93		

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)*R\$ million*

Adjusted EBITDA Reconciliation (Non-accounting measures)

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	Chg. (R\$)				Chg. (R\$)			
	3Q17	3Q16	R\$	%	9M17	9M16	R\$	%
Net income	900.5	573.9	326.6	56.9	1,906.7	2,000.2	(93.5)	(4.7)
Income tax and social contribution	468.8	312.9	155.9	49.8	977.2	1,067.2	(90.0)	(8.4)
Financial result	(222.9)	176.8	(399.7)	(226.1)	54.5	(536.1)	590.6	(110.2)
Other operating revenue (expenses), net	(14.6)	(6.3)	(8.3)	131.7	(37.7)	(27.9)	(9.8)	35.1
(=) Adjusted EBIT*	1,131.8	1,057.3	74.5	7.0	2,900.7	2,503.4	397.3	15.9
Depreciation and amortization	324.5	280.2	44.3	15.8	974.5	859.1	115.4	13.4
(=) Adjusted EBITDA **	1,456.3	1,337.5	118.8	8.9	3,875.2	3,362.5	512.7	15.2
(%) Adjusted EBITDA margin	41.2	35.7			36.6	32.9		

(*) 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 3Q17, net operating revenue, including construction revenue, reached R\$ 3,536.5 million; a 5.6% decrease compared to the same period in 2016.

Costs and expenses, including construction costs, totaled R\$ 2,405.9 million, 10.5% lower than in 3Q16.

Adjusted EBIT, in the amount of R\$ 1,131.8 million, increased 7.0% from R\$ 1,057.3 million recorded in 3Q16.

Adjusted EBITDA, in the amount of R\$ 1,456.3 million, increased 8.9% from R\$ 1,337.5 million recorded in 3Q16.

(R\$ 5,084.3 million in the last twelve months).

The adjusted EBITDA margin was 41.2% in 3Q17 against 35.7% in 3Q16 (35.1% in the last twelve months).

Excluding construction revenues and construction costs, the adjusted EBITDA margin was 50.9% in 3Q17 (49.6% in 3Q16 and 44.9% in the last twelve months).

In 3Q17 the Company recorded a net income of R\$ 900.5 million, in comparison to a net income of R\$ 573.9 million in 3Q16.

2. Gross operating revenue

Gross operating revenue from sanitation services, not including construction revenue, totaled R\$ 2,999.7 million, an increase of R\$ 145.6 million or 5.1%, when compared to the R\$ 2,854.1 million recorded in 3Q16.

The main factors that led to this variation were:

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- Increase of 4.8% in the Company's total billed volume (5.0% in water and 4.6% in sewage); and
- Lower estimated loss of wholesale revenue in 3Q17, in the amount of R\$ 16.7 million, due to the payment received in the period, especially from the Guarulhos municipal government.

3. Construction revenue

Construction revenue decreased R\$ 384.9 million or 35.1%, when compared to 3Q16. The variation was mainly due to lower investments in the municipalities served by the Company.

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Region	9M17	9M16	% Chg.	9M17	9M16	% Chg.	9M17	9M16	% Chg.
Metropolitan	877.5	846.0	3.7	763.9	735.1	3.9	1,641.4	1,581.1	3.8
Regional (2)	478.5	465.5	2.8	412.9	397.6	3.8	891.4	863.1	3.3
Total retail	1,356.0	1,311.5	3.4	1,176.8	1,132.7	3.9	2,532.8	2,444.2	3.6
Wholesale (3)	191.6	167.1	14.7	26.5	21.1	25.6	218.1	188.2	15.9
Total	1,547.6	1,478.6	4.7	1,203.3	1,153.8	4.3	2,750.9	2,632.4	4.5

(1) Unaudited

(2) Including coastal and interior region

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

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5. Costs, administrative & selling expenses and construction costs

Costs, administrative & selling expenses as well as construction costs decreased 10.5% in 3Q17 (R\$ 283.1 million). Excluding construction costs, costs and expenses increased by 5.9% (R\$ 95.9 million).

As a percentage of net revenue, costs and expenses were 68.0% in 3Q17 compared to 71.8% in 3Q16.

	<i>R\$ million</i>							
	3Q17	3Q16	Chg. R\$	%	9M17	9M16	Chg. R\$	%
Salaries and payroll charges and Pension plan obligations	623.4	292.3	331.1	113.3	1,927.8	1,488.0	439.8	29.6
General supplies	39.8	45.6	(5.8)	(12.7)	117.4	124.5	(7.1)	(5.7)
Treatment supplies	60.1	64.0	(3.9)	(6.1)	198.9	205.3	(6.4)	(3.1)
Services	288.4	347.1	(58.7)	(16.9)	920.9	945.8	(24.9)	(2.6)
Electricity	203.6	224.7	(21.1)	(9.4)	591.2	707.9	(116.7)	(16.5)
General expenses	184.4	249.3	(64.9)	(26.0)	633.9	640.6	(6.7)	(1.0)
Tax expenses	21.6	22.6	(1.0)	(4.4)	75.9	66.5	9.4	14.1
Sub-total	1,421.3	1,245.6	175.7	14.1	4,466.0	4,178.6	287.4	6.9
Depreciation and amortization	324.5	280.2	44.3	15.8	974.5	859.1	115.4	13.4
Allowance for doubtful accounts	(34.4)	89.7	(124.1)	(138.4)	87.5	110.2	(22.7)	(20.6)
Sub-total	290.1	369.9	(79.8)	(21.6)	1,062.0	969.3	92.7	9.6
Costs, administrative and selling expenses	1,711.4	1,615.5	95.9	5.9	5,528.0	5,147.9	380.1	7.4
Construction costs	694.5	1,073.5	(379.0)	(35.3)	2,165.9	2,563.2	(397.3)	(15.5)
Costs, adm & selling expenses and construction costs	2,405.9	2,689.0	(283.1)	(10.5)	7,693.9	7,711.1	(17.2)	(0.2)
% of net revenue	68.0	71.8			72.7	75.5		

5.1. Salaries and payroll charges and Pension plan obligations

There was an increase of R\$ 331.1 million in 3Q17, mainly due to:

- Increase of R\$ 34.5 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; and
- Migration of 3,572 participants from the Defined Benefit Plan (G1) to the Defined Contribution Plan (Sabesprev Mais) in 3Q16, generating an early reduction of R\$ 334.2 million in the actuarial deficit, offset by an incentive and extraordinary contribution of R\$ 26.8 million, resulting in a net reduction of R\$ 307.4 million in expenses in that period.

5.2. Services

Services expenses totaled R\$ 288.4 million, R\$ 58.7 million less than the R\$ 347.1 million recorded in 3Q16. This decline was distributed in several items, including:

- Marketing campaigns, in the amount of R\$ 10.9 million;
- Nautical services related to the application of chemicals in the water reservoirs, in the amount of R\$ 10.1 million;
- Leasing of machinery and equipment, in the amount of R\$ 4.3 million; and
- Telephony, in the amount of R\$ 3.2 million.

5.3. Electricity

Electricity expenses totaled R\$ 203.6 million in 3Q17, a decrease of R\$ 21.1 million or 9.4% in comparison to the R\$ 224.7 million in 3Q16. The main factors that contributed to this decrease were:

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- Average reduction of 12.1% in the free market tariffs, with an 14.6% increase in consumption;
- Average reduction of 29.4% in the grid market tariff (TUSD), with a 19.6% rise in consumption; and
- Average reduction of 3.0% in the regulated market tariffs, with a 3.0%.decrease in consumption.

In 3Q17, the free market accounted for 35.2% of the total electricity consumed by the Company, the grid market accounted for 31.9% and the regulated market accounted for 32.9% of total consumption.

5.4. General expenses

General expenses decreased R\$ 64.9 million, or 26.0%, totaling R\$ 184.4 million in 3Q17, versus the R\$ 249.3 million recorded in 3Q16, mainly due to the following reasons:

- Higher provisioning for lawsuits in 3Q16, totaling R\$ 31.6 million; and
- Non-recurring provisioning of R\$ 38.1 million in 3Q16, related to the agreement with Empresa Metropolitana de Águas e Energia – EMAE.

5.5. Depreciation and amortization

Depreciation and amortization increased R\$ 44.3 million or 15.8%, reaching R\$ 324.5 million in 3Q17 in comparison to the R\$ 280.2 million recorded in 3Q16, largely due to the beginning of operations of intangible assets, in the amount of R\$ 1.6 billion.

5.6. Allowance for doubtful accounts

The allowance for doubtful accounts fell R\$ 124.1 million, mainly due to lower default rates in the period.

6. Other operating revenue (expenses), net

There was an R\$ 8.3 million increase in this line, mostly due to the payment of R\$ 9.2 million received under the Water Basin Clean up Program.

7. Financial result

	3Q17	3Q16		<i>R\$ million</i>	
				Chg.	%
Financial expenses, net of income		(44.5)	(91.7)	47.2	(51.5)
Net monetary and exchange variation		267.4	(85.1)	352.5	(414.2)
Financial Result		222.9	(176.8)	399.7	(226.1)

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7.1. Financial income and expenses

	3Q17	3Q16	Chg.	<i>R\$ million</i> %
Financial expenses				
Interest and charges on international loans and financing	(28.7)	(28.5)	(0.2)	0.7
Interest and charges on domestic loans and financing	(72.4)	(80.5)	8.1	(10.1)
Other financial expenses	(30.6)	(49.2)	18.6	(37.8)
Total financial expenses	(131.7)	(158.2)	26.5	(16.8)
Financial income	87.2	66.5	20.7	31.1
Financial expenses, net of income	(44.5)	(91.7)	47.2	(51.5)

7.1.1. Financial expenses

Decrease of R\$ 26.5 million, mainly due to the following events:

- Interest and charges on domestic loans and financing: decline of R\$ 8.1 million, mainly due to the lower CDI rate in 3Q17, compared with 3Q16 (8.14% and 14.13%, respectively); and
- Other financial expenses: reduction of R\$ 18.6 million, mostly due to lower provisioning for interest on court proceedings in 3Q17.

7.1.2. Financial income

Financial income moved up R\$ 20.7 million, mostly due to the higher recognition of interest on installment agreements in 3Q17.

7.2. Monetary and exchange rate variation on assets and liabilities

	3Q17	3Q16	<i>R\$ million</i>	
			Chg.	%
Monetary variation on loans and financing	(3.6)	(24.4)	20.8	(85.2)
Currency exchange variation on loans and financing	253.2	(79.2)	332.4	(419.7)
Other monetary variations	(0.9)	(9.1)	8.2	(90.1)
Monetary/exchange rate variation on liabilities	248.7	(112.7)	361.4	(320.7)
Monetary/Exchange rate variation on assets	18.7	27.6	(8.9)	(32.2)
Monetary/exchange rate variation, net	267.4	(85.1)	352.5	(414.2)

7.2.1. Monetary and exchange rate variation on liabilities

The effect of monetary and currency variations in 3Q17 was R\$ 361.4 million lower than in 3Q16, mainly due to:

- Reduction of R\$ 20.8 million in expenses with monetary variation on loans and financing, due to the lower variation in the IPCA in 3Q17 compared with 3Q16 (0.6% and 1.0%, respectively); and;
- Decrease of R\$ 332.4 million in exchange variation on loans and financing, as a result of the devaluation of dollar and yen against the real in 3Q17 (-4.2% and -4.5%, respectively), versus an appreciation of 1.1% and 2.7%, respectively, in 3Q16).

8. Income tax and social contribution

Increase of R\$ 155.9 million, mainly due to the higher taxable result reported in the period, which was mostly impacted by the devaluation of dollar and yen against the real in 3Q17, versus an appreciation in 3Q16.

9. Indicators

9.1. Operating

Operating indicators(*)	3Q17	3Q16	%
Water connections(1)	8,807	8,595	2.5
Sewage connections (1)	7,247	7,036	3
Population directly served - water (2)	24.9	24.6	1.2
Population directly served - sewage (2)	21.5	21.1	1.9
Number of employees	13,901	14,172	(1.9)
Water volume produced - quarter (3)	695	670	3.8
Water volume produced in 9M (3)	2,082	2,006	3.8
IPM - Measured water loss (%)	31.1	31.3	(0.6)
IPDt (liters/connection x day)	306	298	2.7

(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

Economic Variables at the close of the quarter(*)	3Q17	3Q16
Amplified Consumer Price Index Variation (%) ⁽¹⁾	0.59	1.04
Referential Rate Variation (%) ⁽¹⁾	0.1132	0.5752
Interbank Deposit Certificate (%) ⁽²⁾	8.14	14.13
US DOLLAR ⁽³⁾	3.1680	3.2462
YEN ⁽³⁾	0.02813	0.03207

(1) Quarterly rate

(2) Last day average

(3) R\$/previous day price

(*) Unaudited

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10. Loans and financing

R\$ million

INSTITUTION	DEBT PROFILE						2023	Total
	2017	2018	2019	2020	2021	2022	onwards	
Local Currency								
Brazilian Federal Savings Bank	15.9	66.9	69.1	71.5	75.2	79.2	838.4	1,216.2
Debentures	58.7	897.8	1,015.7	573.2	374.6	353.8	255.9	3,529.7
BNDES	22.1	98.3	112.3	94.2	93.8	93.8	538.1	1,052.6
Leasing	4.2	30.3	31.8	33.4	35.1	37.0	387.2	559.0
Others	0.2	1.5	1.4	1.4	1.4	1.3	4.0	11.2
Interest and other charges	50.3	64.8	-	-	-	-	-	115.1
Total Local Currency	151.4	1,159.6	1,230.3	773.7	580.1	565.1	2,023.6	6,483.8
Foreign Currency								
IADB	39.8	107.4	107.4	107.4	107.4	107.4	1,056.4	1,633.2
IBRD	-	-	9.6	19.3	19.3	19.3	221.4	288.9
Deutsche Bank 350	-	237.6	230.9	-	-	-	-	468.5
Eurobond	-	-	-	1,106.1	-	-	-	1,106.1
JICA	1.2	64.0	108.8	108.8	108.8	108.8	1,108.6	1,609.0
BID 1983AB	-	75.6	56.0	54.6	24.4	24.4	22.4	257.4
Interest and other charges	36.0	4.8	-	-	-	-	-	40.8
Total in foreign currency	77.0	489.4	512.7	1,396.2	259.9	259.9	2,408.8	5,403.9
Total	228.4	1,649.0	1,743.0	2,169.9	840.0	825.0	4,432.4	11,887.7

11. Capex

In 9M17, capex reached R\$ 2.3 billion, including R\$ 0.6 billion related to the São Lourenço PPP. Out of the total amount invested by the Company, R\$ 1.1 billion has not affected the Company's cash.

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1 Operations

Companhia de Saneamento Básico do Estado de São Paulo ("SABESP" or the "Company") is a mixed-capital company headquartered in São Paulo, at Rua Costa Carvalho, 300, CEP 05429-900, controlled by the São Paulo State Government. The Company is engaged in the provision of basic and environmental sanitation services in the State of São Paulo, as well as it supplies treated water and sewage services on a wholesale basis.

In addition to providing basic sanitation services in the State of São Paulo, SABESP may perform these activities in other states and countries, and can operate in drainage, urban cleaning, solid waste handling and energy markets. SABESP aims to be a world reference in the provision of sanitation services, in a sustainable, competitive and innovative manner, with a focus on customers.

As of September 30, 2017, the Company operated water and sewage services in 367 municipalities of the State of São Paulo. Most of these municipalities operations are based on 30-year concession, program and services contracts. The Company has two partial contracts with the municipality of Mogi das Cruzes, however, since most of municipality is serviced by wholesale, it was not included in the 367 municipalities. As of September 30, 2017, the Company had 369 contracts.

SABESP is not temporarily operating in the municipalities of Macatuba and Cajobi due to judicial orders. The lawsuits are in progress and the carrying amount of these municipalities' intangible assets was R\$ 4,345 as of September 30, 2017 (R\$ 4,345 as of December 31, 2016).

As of September 30, 2017, 53 concession agreements (54 as of December 31, 2016) had expired and are being negotiated. From October 1, 2017 to 2030, 32 concession agreements will expire. Management believes that concession agreements expired and not yet renewed will result in new contracts, disregarding the risk of discontinuity in the provision of municipal water supply and sewage services. By September 30, 2017, 284 program and services contracts were signed (281 contracts as of December 31, 2016).

As of September 30, 2017, the carrying amount of the underlying assets used in the 53 municipalities under negotiation totaled R\$ 6,616,613, accounting for 20.24% of the total, and the related gross revenue for the nine-month period ended September 30, 2017 totaled R\$ 1,255,378, accounting for 11.26% of the total.

The Company's operations are concentrated in the municipality of São Paulo, which represents 53.64% of the gross revenues on September 30, 2017 (55.35% on September 30, 2016) and 48.46% of intangible assets (46.57% on December 31, 2016).

On June 23, 2010, the State of São Paulo, the Municipality of São Paulo, the Company and the regulatory agency "Sanitation and Energy Regulatory Agency – ARSESP" signed an agreement to share the responsibility for water supply and sewage services to the Municipality of São Paulo based on a 30-year concession agreement. This agreement is extendable for another 30 years, pursuant to the law. This agreement sets forth SABESP as the exclusive service provider and designates ARSESP as regulator, establishing prices, controlling and monitoring services. On the same date, the State of São Paulo, the Municipality of São Paulo and SABESP signed the "Public service provision agreement of water supply and sewage services", a 30-year concession agreement which is extendable for another 30 years. This agreement involves the following activities:

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- i. protection of the sources of water in collaboration with other agencies of the State and the City;
- ii. capture, transport and treatment of water;
- iii. collect, transport, treatment and final dispose of sanitary sewage; and
- iv. adoption of other actions of basic and environmental sanitation.

The Company operates under an authorization by public deed in some municipalities in the Santos coast region and in the Ribeira Valley, where the Company started to operate after the merger of the companies that formed it. In September 2015, the Company entered into a water supply and sewage public utility services agreement with the municipality of Santos; the gross revenue calculated in the nine-month period ended September 30, 2017 totaled R\$ 251,212 (R\$ 206,908 in the period ended September 30, 2016) and the intangible asset was R\$ 299,011 on September 30, 2017 (R\$ 303,540 on December 31, 2016).

Article 58 of Law 11,445/07 determines that precarious and overdue concessions, as well as those effective for an undetermined period of time, including those that do not have an instrument formalizing them, will be valid until December 31, 2010. However, Article 2 of Law 12,693 of July 24, 2012, which amended Article 7-A of Law 11,578, of November 26, 2007, allowed the provision of public basic sanitation services to be executed until December 31, 2016. The Company's Management understands that in the municipalities where the concession agreements were not yet renewed, the operation is governed by Laws 8,987/95 and 11,445/07, including those municipalities served without an agreement.

Public deeds are valid and governed by the Brazilian Civil Code.

The Company's shares have been listed in the Novo Mercado segment of B3 under the ticker symbol SBSP3 since April 2002 and on the New York Stock Exchange (NYSE) as American Depositary Receipts ("ADRs") Level III, under the SBS code, since May 2002.

Since 2008, the Company has been setting up partnerships with other companies, which resulted in the following companies: Sesamm, Águas de Andradina, Saneaqua Mairinque, Aquapolo Ambiental, Águas de Castilho, Attend

Ambiental and Paulista Geradora de Energia. Although SABESP has no majority interest in the capital stock of these companies, the shareholders' agreements provide for the power of veto and casting vote in certain issues jointly with associates, indicating the shared control in the management of investees.

In September 2017, the reservoirs of the São Paulo Metropolitan Region stored approximately 996.7 billion liters of treatment water, versus approximately 831.9 billion liters in September 2016. The month of October marks the beginning of a new hydrological year, 2017/2018 which, under normal conditions, the period from October to March presents the highest rainfall and, consequently, the highest water inflow into the reservoirs. The water year ended in September recorded rainfall indexes close to the historical average, with the Cantareira System receiving 91% of the expected rainfall, while the Alto Tietê System received 80% and the Guarapiranga System 106%. Together, these are the main systems of the São Paulo Metropolitan Region.

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At the end of 2017 and beginning of 2018 two important projects aimed to increase water security in the São Paulo Metropolitan Region are expected to be concluded, as follows: (i) the Jaguarí-Atibainha interconnection, which will allow the transfer of an average annual outflow of 5.13 cubic meters per second (m³/s) and a maximum outflow of 8.5 m³/s from the Paraíba do Sul Basin to the Cantareira System, and which is 90.3% complete; and (ii) the construction of the São Lourenço Production System, which will expand water production and capacity by 6.4 m³/s, and which is 81.1% complete.

Management expects that with the normalization of rainfall, the generation of operating cash and the credit lines available for investment, the Company will have sufficient funds to meet its commitments and not compromise its necessary investments.

Corporate restructuring

As of May 12, 2017, the Board of the State Privatization Program approved:

- (i) the conducting of studies for SABESP's Capitalization (as defined below);
- (ii) the hiring, by SABESP, of the International Finance Corporation, which is associated with the World Bank;
- (iii) the execution of an agreement between SABESP and the State Government through the Water Resources and Sanitation Department and the Treasury Department, in order to define the scope of the contract and control the relationship between the parties, including a proportional expense reimbursement.

The proposed Capitalization provides for the creation of a corporation to directly control SABESP through the transfer of the shares held by the State of São Paulo to the capital stock of the new corporation. The State of São Paulo will continue holding a sufficient number of shares to ensure SABESP's control, as provided for in law. The objective of the Capitalization is to overcome a situation that restricts investments designed to preserve the expansion of activities

to ensure the universalization of basic sanitation services offered by the Company.

The Capitalization may provide for the admission of institutional investors to contribute financial resources to the capital stock of the new company, strengthening SABESP's corporate governance and business efficiency in order to promote and accelerate the universalization of sanitation services in the State of São Paulo.

As of September 15, 2017, Law 16,525 was sanctioned, enacted and published; it provides for the corporate reorganization of Companhia de Saneamento Básico de São Paulo - SABESP and sets forth other provisions.

The main provisions of the Law are:

- The Executive branch is authorized to establish a corporation, governed by Federal Law 6,404/76, to hold basic sanitation and other assets, whose exploration relates to its main purpose ("Parent Company");

- The objective of the Parent Company is, among others:

- (i) Control SABESP;

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(ii) Hold the ownership, manage and explore assets of any nature, aiming the universalization and efficiency of basic sanitation services in the State of São Paulo;

(iii) Structure and implement funding operations to strengthen its ability to execute strategies and initiatives in the basic sanitation sector;

(iv) Assist the State of São Paulo and other federal entities in the implementation of public policies in the basic sanitation sector;

(v) Explore other business opportunities related to the basic sanitation sector inside and outside the State of São Paulo, supported by SABESP;

(vi) Use legally appropriate contractual and corporate arrangements to fulfill its corporate purpose, including the creation of wholly-owned subsidiaries, formation of consortia and holding interests in other public or private companies, provided that approved by the Board of Directors.

- The Government will hold ownership of most of the common shares of the Parent Company; other shareholders may also hold minority interests in the Parent Company;

- Private shareholders will be allowed in the Parent Company in order to contribute capital, add value to the business and strengthen the Company's and the Parent Company's corporate governance, provided that they do not restrict the capacity of the São Paulo State Government to guide them in the attainment of the public interest that justified their creation;

- The São Paulo State Government is authorized to pay-in its interest in the Parent Company's capital through the transfer of the shares it holds in SABESP;

- The Parent Company and SABESP may acquire shares from other state-owned or private companies that have potential synergy with SABESP's activities;
- The Parent Company may increase SABESP's capital to pay-in in cash or with assets, inclusive by holding a tender offer in the capital market; and
- The São Paulo State Government is authorized to sell or encumber the Parent Company's shares or its respective subscription rights, provided that the ownership of most of the common shares is maintained;
- The State Government may waive its preemptive right to subscribe to shares in future capital increases of the Parent Company, in order to enable contributions from new shareholders without losing its the control;
- The São Paulo State Government will mandatorily allocate at least 30% of the proceeds from the sale of the Parent Company's shares to investments in basic sanitation projects;
- A management agreement will be entered into by the São Paulo State Government, the Parent Company and SABESP to strengthen the companies' administrative and financial efficiency;

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- (i) The execution of the management agreement will be preceded by the assumption of SABESP's control by the Parent Company and will establish performance targets related to the reduction of water losses and the universalization of basic sanitation services provided by SABESP;
- (ii) The management agreement will also provide for the increase in the companies' managerial autonomy regarding:
- the definition of a personnel policy;
 - procedures for bids and the contracting of suppliers and service providers;
 - cash management, treasury operations, bank payments of salaries and suppliers; and
 - autonomy for the general shareholders' meeting to establish the salaries and other types of compensation to members of management, based on the limits and parameters established in the management agreement;
- (iii) The agreement will be valid for five years, but may be renegotiated and successively renewed.

The interim financial information was approved by the Board of Directors on November 14, 2017.

2 Basis of preparation and presentation of the financial statements

Presentation of the interim financial information

The interim financial information as of September 30, 2017, was prepared based on the provisions of CPC 21 (R1) – Interim Financial Information and the international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), applicable to the preparation of Quarterly Information Form– ITR and they are fairly presented consistent with the rules issued by the Brazilian Securities and Exchange Commission (CVM). Therefore, this interim financial information takes into consideration the official letter CVM/SNC/SEP 003 of April 28, 2011, which allows the entities to present selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. The interim financial information for September 30, 2017, therefore, does not include all the notes and reporting required by the annual financial statements, and accordingly, shall be read jointly with the Annual Financial Statements as of December 31, 2016, prepared pursuant to the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB and pursuant to the accounting practices adopted in Brazil which observe the pronouncements issued by the Brazilian Accounting Pronouncements Committee - CPC. Therefore, the interim financial information as of September 30, 2017 was not fully completed due to redundancies with the information presented in the annual financial statements of December 31, 2016 and, as provided for in Official Letter/CVM/SNC/SEP no. 003/2011. In this interim financial information, the notes below was either not presented or are not as detailed as those in the annual financial statements:

- i. Summary of significant accounting policies (Note 3);
- ii. Changes in accounting practices and disclosures (Note 4);
- iii. Risk Management – Financial Instruments (Note 5.4);
- iv. Key Accounting Estimates and Judgments (Note 6);

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- v. Related-Party Balances and Transactions (Note 10);
- vi. Investments (Note 12);
- vii. Intangible Assets (Note 14);
- viii. Borrowings and Financing (Note 16);
- ix. Deferred Taxes and Contributions (Note 18);
- x. Provisions (Note 19);
- xi. Employees Benefits (Note 20);
- xii. Equity (Note 22);
- xiii. Insurance (Note 25);
- xiv. Financial Income (Expenses) (Note 28).

All material information related to the financial statements, and this information alone, is being disclosed and corresponds to the information used by the Company's Management in its administration.

3 Summary of significant accounting policies

The accounting policies used in the preparation of the interim financial information for the quarter ended September 30, 2017 are consistent with those used to prepare the Annual Financial Statements for the year ended December 31, 2016. These policies are disclosed in Note 3 to the Annual Financial Statements.

4 Risk management

4.1 Financial Risk Management

Financial risk factors

The Company's activities are affected by Brazilian economic scenario, making it exposed to market risk (exchange rate and interest rate), credit risk and liquidity risk. The Company's financial risk management is focused on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company has not utilized derivative instruments in any of the reported periods.

(a) Market risk

Foreign currency risk

SABESP's foreign exchange exposure implies market risks associated with currency fluctuations, since the Company has foreign currency-denominated liabilities, mainly US dollar and yen-denominated short and long-term borrowings.

The management of SABESP's foreign currency exposure considers several current and projected economic factors, besides market conditions.

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This risk arises from the possibility that the Company may incur in losses due to exchange rate fluctuations that would impact liability balances of foreign currency-denominated borrowings and financing raised in the market and related financial expenses. The Company does not maintain hedge or swap contracts or any derivative financial instrument to hedge against this risk.

A significant amount of the Company's financial debt is indexed to the U.S. dollar and Yen, in the total amount of R\$ 5,435,102 as of September 30, 2017 (R\$ 5,692,984 as of December 31, 2016). Below, the Company's exposure to exchange risk:

	September 30, 2017		December 31, 2016	
	Foreign currency	R\$	Foreign currency	R\$
Borrowings and financing – US\$	1,193,902	3,782,282	1,241,963	4,047,682
Borrowings and financing – Yen	57,304,600	1,611,978	57,643,930	1,609,419
Interest and charges from borrowings and financing – US\$		37,480		25,114
Interest and charges from borrowings and financing – Yen		3,362		10,769
Total exposure		5,435,102		5,692,984
Borrowing cost – US\$		(28,104)		(29,650)
Borrowing cost – Yen		(3,074)		(2,971)
Total foreign currency-denominated borrowings (Note 15)		5,403,924		5,660,363

The 4.5% decrease in foreign-currency denominated debt on September 30, 2017 compared to December 31, 2016, was mainly due to the following:

- 1) Exchange rate changes, due to the 2.8% depreciation in the US dollar, from R\$ 3.2591 as of December 31, 2016 to R\$ 3.1680 as of September 30, 2017. The US dollar-denominated debt accounts for 70.2% of foreign currency-denominated debts; and
- 2) Partial amortization of the BID 713, BID 2202 and AB Loan agreements.

As of September 30, 2017, if the Brazilian real had depreciated or appreciated by 10%, in addition to the impacts mentioned above, against the US dollar and Yen with all other variables held constant, effects on results before taxes on the nine-month period ended September 30, 2017 would have been R\$ 543,510 (R\$ 569,298 for the year ended December 31, 2016), lower or higher, mainly as a result of exchange losses or gains on the translation of foreign currency-denominated loans.

Scenario I below presents the effect in income statements for the next 12 months, considering the projected rates of the U.S. dollar and the Yen. Considering the other variables as remaining constant, the impacts for the next 12 months are shown in scenarios II and III with possible depreciations of 25% and 50%, respectively, in the Brazilian real.

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	Scenario I (Probable) (*)	Scenario II (+25%)	Scenario III (+50%)
Net currency exposure as of September 30, 2017 (Liabilities) in US\$	1,193,902	1,193,902	1,193,902
US\$ rate as of September 30, 2017	3.1680	3.1680	3.1680
Exchange rate estimated according to the scenario	3.3000	4.1250	4.9500
Differences between the rates	(0.1320)	(0.9570)	(1.7820)
Effect on net financial result R\$ - (loss)	(157,595)	(1,142,564)	(2,127,533)
Net currency exposure as of September 30, 2017 (Liabilities) in Yen	57,304,600	57,304,600	57,304,600
Yen rate as of September 30, 2017	0.02813	0.02813	0.02813
Exchange rate estimated according to the scenario	0.02890	0.03613	0.04336
Differences between the rates	(0.00077)	(0.00800)	(0.01523)
Effect on net financial result R\$ - (loss)	(44,125)	(458,437)	(872,749)
Total effect on net financial result in R\$ - (loss)	(201,720)	(1,601,001)	(3,000,282)

(*) For the probable scenario in US dollar, the exchange rate estimated for September 30, 2018 was used, pursuant to the Focus Report-BACEN of September 30, 2017, while for the Yen, the average exchange rate was considered for the 12-month period after September 30, 2017, according to B3's Reference Rates report of September 30, 2017.

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Interest rate risk

This risk arises from the possibility that the Company could incur losses due to fluctuations in interest rates, increasing the financial expenses related to borrowings and financing.

The Company has not entered into any derivative contract to hedge against this risk; however continually monitors market interest rates, in order to evaluate the possible need to replace its debt.

The table below provides the Company's borrowings and financing subject to variable interest rate:

	September 30, 2017	December 31, 2016
TR(i)	1,569,328	1,535,030
CDI(ii)	1,144,391	1,082,228
TJLP(iii)	1,391,026	1,326,631
IPCA(iv)	1,714,665	1,697,452
LIBOR(v)	2,673,483	2,906,999
Interest and charges	129,017	142,644
Total	8,621,910	8,690,984

(i) TR – Interest Benchmark Rate

(ii) CDI – (Certificado de Depósito Interbancário), an interbank deposit certificate

(iii) TJLP – (Taxa de Juros a Longo Prazo), a long-term interest rate index

(iv) IPCA – (Índice Nacional de Preços ao Consumidor Amplo), a consumer price index

(v) LIBOR – London Interbank Offered Rate

Another risk to which the Company is exposed, is the mismatch of the monetary restatement indices of its debts with those of its service revenues. Tariff adjustments of services provided by the Company do not necessarily follow the

increases in the inflation indexes to adjust borrowings, financing and interest rates affecting indebtedness.

As of September 30, 2017, if interest rates on borrowings and financing had been 1% higher or lower with all other variables held constant, the effects on profit before taxes for the nine-month period ended September 30, 2017 would have been R\$ 86,219 (R\$ 86,910 as of December 31, 2016), lower or higher, mainly as a result of lower or higher interest expense on floating rate borrowings and financing.

(b) Credit risk

Credit risk arises from cash equivalents, deposits in banks and financial institutions, as well as credit exposures to wholesale basis and retail customers, including outstanding accounts receivable, restricted cash and accounts receivable from related parties. Credit risk exposure to customers is mitigated by sales to a dispersed base.

The maximum exposures to credit risk as of September 30, 2017 are the carrying amounts of instruments classified as cash equivalents, deposits in banks and financial institutions, restricted cash, trade receivables and accounts receivable from related parties at the end of reporting period. See additional information in Notes 6, 7, 8 and 9.

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Regarding the financial assets held with financial institutions, the credit quality that is not past due or subject to impairment can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit quality of counterparties which are banks, such as deposits and financial investments, the Company considers the lower rating of the counterparty published by three main international rating agencies (Fitch, Moody's and S&P), according to internal policy of market risk management:

	September 30, 2017	December 31, 2016
Cash		