

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

November 13, 2018

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

For November 9, 2018
(Commission File No. 1-31317)

Companhia de Saneamento Básico do Estado de São Paulo - SABESP
(Exact name of registrant as specified in its charter)

Basic Sanitation Company of the State of Sao Paulo - SABESP
(Translation of Registrant's name into English)

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

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1) .

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7) .

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicated below the file number assigned to the
registrant in connection with Rule 12g3-2(b):

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

Rui de Britto Álvares Affonso
Chief Financial Officer and Investor Relations Officer
Mario Azevedo de Arruda Sampaio
Head of Capital Markets and Investor Relations

SABESP announces 3Q18 results

SBSP3: R\$ 27.20/share

São Paulo, November 8, 2018 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP** (B3: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of costumers, announces today its **3Q18 results**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reais, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2017.

SBS: US\$ 7.32 (ADR=1 share)

Total shares: 683,509,869

Market value: R\$ 19.24 billion

Closing quote: 11/08/2018

1. Financial highlights

| | <i>R\$ million</i> | | | | | | | |
|--|--------------------|-----------|------------|---------|-----------|-----------|------------|---------|
| | 3Q18 | 3Q17 | Chg. (R\$) | % | 9M18 | 9M17 | Chg. (R\$) | % |
| Gross operating revenue ¹ | 3,331.6 | 2,999.7 | 331.9 | 11.1 | 9,862.3 | 8,930.6 | 931.7 | 10.4 |
| Construction revenue | 724.1 | 712.9 | 11.2 | 1.6 | 2,038.4 | 2,215.2 | (176.8) | (8.0) |
| COFINS and PASEP and TRCF taxes ² | (244.9) | (176.1) | (68.8) | 39.1 | (718.0) | (555.9) | (162.1) | 29.2 |
| (=) Net operating revenue | 3,810.8 | 3,536.5 | 274.3 | 7.8 | 11,182.7 | 10,589.9 | 592.8 | 5.6 |
| Costs and expenses | (2,011.3) | (1,711.4) | (299.9) | 17.5 | (5,975.5) | (5,528.0) | (447.5) | 8.1 |
| Construction costs | (707.9) | (694.5) | (13.4) | 1.9 | (1,992.6) | (2,165.9) | 173.3 | (8.0) |
| Equity result | 0.5 | 1.2 | (0.7) | (58.3) | 4.2 | 4.7 | (0.5) | (10.6) |
| Other operating revenue (expenses), net | 34.2 | 14.6 | 19.6 | 134.2 | 62.0 | 37.7 | 24.3 | 64.5 |
| (=) Earnings before financial result, income tax and social contribution | 1,126.3 | 1,146.4 | (20.1) | (1.8) | 3,280.8 | 2,938.4 | 342.4 | 11.7 |
| Financial result | (262.8) | 222.9 | (485.7) | (217.9) | (1,293.9) | (54.5) | (1,239.4) | 2,274.1 |
| (=) Earnings before income tax and social contribution | 863.5 | 1,369.3 | (505.8) | (36.9) | 1,986.9 | 2,883.9 | (897.0) | (31.1) |
| Income tax and social contribution | (298.3) | (468.8) | 170.5 | (36.4) | (659.4) | (977.2) | 317.8 | (32.5) |
| (=) Net income | 565.2 | 900.5 | (335.3) | (37.2) | 1,327.5 | 1,906.7 | (579.2) | (30.4) |
| Earnings per share* (R\$) | 0.83 | 1.32 | - | - | 1.94 | 2.79 | | |

¹ Includes Revenue from Regulatory, Control and Inspection Fee (TRCF - Taxa de Regulação, Controle e Fiscalização) since November/2017, in the amount of R\$ 15.8 million in the quarter and R\$47.2 in the 9M.

² Includes TRCF transfers in the amount of R\$13.5 million in the quarter and R\$40.4 in the 9M.

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

| | <i>R\$ million</i> | | | | | | | |
|--|--------------------|------|------------|---|------|------|------------|---|
| | 3Q18 | 3Q17 | Chg. (R\$) | % | 9M18 | 9M17 | Chg. (R\$) | % |

| | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| Net income | 565.2 | 900.5 | (335.3) | (37.2) | 1,327.5 | 1,906.7 | (579.2) | (30.4) |
| Income tax and social contribution | 298.3 | 468.8 | (170.5) | (36.4) | 659.4 | 977.2 | (317.8) | (32.5) |
| Financial result | 262.8 | (222.9) | 485.7 | (217.9) | 1,293.9 | 54.5 | 1,239.4 | 2,274.1 |
| Other operating revenues (expenses), net | (34.2) | (14.6) | (19.6) | 134.2 | (62.0) | (37.7) | (24.3) | 64.5 |
| (=) Adjusted EBIT* | 1,092.1 | 1,131.8 | (39.7) | (3.5) | 3,218.8 | 2,900.7 | 318.1 | 11.0 |
| Depreciation and amortization | 342.5 | 324.5 | 18.0 | 5.5 | 997.4 | 974.5 | 22.9 | 2.3 |
| (=) Adjusted EBITDA ** | 1,434.6 | 1,456.3 | (21.7) | (1.5) | 4,216.2 | 3,875.2 | 341.0 | 8.8 |
| (%) Adjusted EBITDA margin | 37.6 | 41.2 | | | 37.7 | 36.6 | | |

* 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 3Q18, the net operating revenue, which considers construction revenue, totaled R\$3,810.8 million, an increase of 7.8% over the same period of the previous year.

Costs and expenses, which include construction costs, totaled R\$2,719.2 million, a 13.0% increase when compared to the same period of 2017.

Adjusted EBIT, in the amount of R\$1,092.1 million, decreased 3.5% compared to the R\$1,131.8 million presented in 3Q17.

Adjusted EBITDA, in the amount of R\$1,434.6 million, decreased 1.5% when compared to the R\$1,456.3 million presented in 3Q17 (R\$5,610.3 million in the last 12 months).

Adjusted EBITDA margin in 3Q18 was 37.6%, against 41.2% in 3Q17 (36.9% in the last 12 months).

Excluding the effects of revenue and construction costs, the adjusted EBITDA margin was 46.0% in 3Q18 (50.9% in 3Q17 and 45.3% in the last 12 months).

In 3Q18 the Company recorded a net income of R\$565.2 million, compared to a net income of R\$900.5 million in 3Q17.

2. Gross operating revenue

The gross operating revenue related to sanitation services, in the amount of R\$3,331.6 million, which does not consider the construction revenue, increased by R\$331.9 million or 11.1%, when compared to R\$2,999.7 million in 3Q17.

The main factors that led to the increase were:

- Tariff repositioning index of 7.9% since November 2017; and
- Tariff repositioning index of 3.5% since June 2018.

The increase caused by the above-mentioned factors was partially offset by the higher recognition with allowance for doubtful accounts regarding the wholesale sales in 3Q18, in the amount of R\$42.7 million, due to the lower revenue in the period, mainly from the municipality of Guarulhos.

There was no relevant variation in the total billed volume in the related period.

3. Construction revenue

Construction revenue increased by R\$11.2 million or 1.6%, when compared to the same period of 2017. The variation is mainly due to the higher investment in the municipalities served by the Company.

4. Billed volume

The tables below show the billed volumes of water and sewage, in the quarter and year-to-date comparison, per consumer category and region.

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

| Category | Water | | | Sewage | | | Water + Sewage | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|------------|----------------|--------------|------------|
| | 3Q18 | 3Q17 | % | 3Q18 | 3Q17 | % | 3Q18 | 3Q17 | % |
| Residential | 394.6 | 394.2 | 0.1 | 338.4 | 336.3 | 0.6 | 733.0 | 730.5 | 0.3 |
| Commercial | 41.0 | 41.6 | (1.4) | 40.0 | 40.1 | (0.2) | 81.0 | 81.7 | (0.9) |
| Industrial | 7.7 | 7.8 | (1.3) | 9.2 | 9.4 | (2.1) | 16.9 | 17.2 | (1.7) |
| Public | 10.1 | 10.2 | (1.0) | 9.1 | 9.2 | (1.1) | 19.2 | 19.4 | (1.0) |
| Total retail | 453.4 | 453.8 | (0.1) | 396.7 | 395.0 | 0.4 | 850.1 | 848.8 | 0.2 |
| Wholesale ⁽³⁾ | 66.6 | 65.4 | 1.8 | 7.2 | 8.6 | (16.3) | 73.8 | 74.0 | (0.3) |
| Total | 520.0 | 519.2 | 0.2 | 403.9 | 403.6 | 0.1 | 923.9 | 922.8 | 0.1 |

| Category | Water | | | Sewage | | | Water + Sewage | | |
|--------------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 9M18 | 9M17 | % | 9M18 | 9M17 | % | 9M18 | 9M17 | % |
| Residential | 1,199.5 | 1,177.9 | 1.8 | 1,025.7 | 1,002.7 | 2.3 | 2,225.2 | 2,180.6 | 2.0 |
| Commercial | 124.8 | 123.9 | 0.7 | 120.5 | 118.9 | 1.3 | 245.3 | 242.8 | 1.0 |
| Industrial | 23.3 | 23.6 | (1.3) | 28.2 | 28.1 | 0.4 | 51.5 | 51.7 | (0.4) |
| Public | 30.3 | 30.6 | (1.0) | 27.2 | 27.1 | 0.4 | 57.5 | 57.7 | (0.3) |
| Total retail | 1,377.9 | 1,356.0 | 1.6 | 1,201.6 | 1,176.8 | 2.1 | 2,579.5 | 2,532.8 | 1.8 |
| Wholesale ⁽³⁾ | 196.1 | 191.6 | 2.3 | 23.4 | 26.5 | (11.7) | 219.5 | 218.1 | 0.6 |
| Total | 1,574.0 | 1,547.6 | 1.7 | 1,225.0 | 1,203.3 | 1.8 | 2,799.0 | 2,750.9 | 1.7 |

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

| Region | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|--------------|--------------|--------------|--------------|--------------|------------|----------------|--------------|------------|
| | 3Q18 | 3Q17 | % | 3Q18 | 3Q17 | % | 3Q18 | 3Q17 | % |
| Metropolitan | 295.2 | 295.1 | - | 258.6 | 257.6 | 0.4 | 553.8 | 552.7 | 0.2 |
| Regional (2) | 158.2 | 158.7 | (0.3) | 138.1 | 137.4 | 0.5 | 296.3 | 296.1 | 0.1 |
| Total retail | 453.4 | 453.8 | (0.1) | 396.7 | 395.0 | 0.4 | 850.1 | 848.8 | 0.2 |
| Wholesale (3) | 66.6 | 65.4 | 1.8 | 7.2 | 8.6 | (16.3) | 73.8 | 74.0 | (0.3) |
| Total | 520.0 | 519.2 | 0.2 | 403.9 | 403.6 | 0.1 | 923.9 | 922.8 | 0.1 |

| Region | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|----------------|----------------|------------|----------------|----------------|------------|----------------|----------------|------------|
| | 9M18 | 9M17 | % | 9M18 | 9M17 | % | 9M18 | 9M17 | % |
| Metropolitan | 893.3 | 877.5 | 1.8 | 780.2 | 763.9 | 2.1 | 1,673.5 | 1,641.4 | 2.0 |
| Regional (2) | 484.6 | 478.5 | 1.3 | 421.4 | 412.9 | 2.1 | 906.0 | 891.4 | 1.6 |
| Total retail | 1,377.9 | 1,356.0 | 1.6 | 1,201.6 | 1,176.8 | 2.1 | 2,579.5 | 2,532.8 | 1.8 |
| Wholesale (3) | 196.1 | 191.6 | 2.3 | 23.4 | 26.5 | (11.7) | 219.5 | 218.1 | 0.6 |
| Total | 1,574.0 | 1,547.6 | 1.7 | 1,225.0 | 1,203.3 | 1.8 | 2,799.0 | 2,750.9 | 1.7 |

(1) Unaudited

(2) Including coastal and interior region

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

5. Costs, administrative & selling expenses and construction costs

Costs, administrative and selling expenses and construction costs increased by R\$313.3 million in 3Q18 (13.0%). Excluding construction costs, there was an increase of R\$299.9 million (17.5%).

As a percentage of net revenue, costs, administrative and selling expenses and construction costs represented 71.4% in 3Q18, against 68.0% in 3Q17.

| | <i>R\$ million</i> | | | | | | | |
|---|--------------------|-------|---------------|-------|---------|---------|---------------|-------|
| | 3Q18 | 3Q17 | Chg. (R\$) | % | 9M18 | 9M17 | Chg. (R\$) | % |
| Salaries and payroll charges and Pension plan obligations | 692.2 | 623.4 | 68.8 | 11.0 | 2,002.3 | 1,927.8 | 74.5 | 3.9 |
| General supplies | 61.0 | 39.8 | 21.2 | 53.3 | 169.9 | 117.4 | 52.5 | 44.7 |
| Treatment supplies | 58.1 | 60.1 | (2.0) | (3.3) | 195.5 | 198.9 | (3.4) | (1.7) |

| | | | | | | | | |
|---|----------------|----------------|--------------|-------------|----------------|----------------|--------------|------------|
| Services | 366.5 | 288.4 | 78.1 | 27.1 | 1,063.2 | 920.9 | 142.3 | 15.5 |
| Electricity | 241.5 | 203.6 | 37.9 | 18.6 | 692.1 | 591.2 | 100.9 | 17.1 |
| General expenses | 216.7 | 184.4 | 32.3 | 17.5 | 685.0 | 633.9 | 51.1 | 8.1 |
| Tax expenses | 13.5 | 21.6 | (8.1) | (37.5) | 44.1 | 75.9 | (31.8) | (41.9) |
| Sub-total | 1,649.5 | 1,421.3 | 228.2 | 16.1 | 4,852.1 | 4,466.0 | 386.1 | 8.6 |
| Depreciation and amortization | 342.5 | 324.5 | 18.0 | 5.5 | 997.4 | 974.5 | 22.9 | 2.3 |
| Allowance for doubtful accounts | 19.3 | (34.4) | 53.7 | (156.1) | 126.0 | 87.5 | 38.5 | 44.0 |
| Sub-total | 361.8 | 290.1 | 71.7 | 24.7 | 1,123.4 | 1,062.0 | 61.4 | 5.8 |
| Costs, administrative and selling expenses | 2,011.3 | 1,711.4 | 299.9 | 17.5 | 5,975.5 | 5,528.0 | 447.5 | 8.1 |
| Construction costs | 707.9 | 694.5 | 13.4 | 1.9 | 1,992.6 | 2,165.9 | (173.3) | (8.0) |
| Costs, adm & selling expenses and construction costs | 2,719.2 | 2,405.9 | 313.3 | 13.0 | 7,968.1 | 7,693.9 | 274.2 | 3.6 |
| % of net revenue | 71.4 | 68.0 | | | 71.3 | 72.7 | | |

5.1. Salaries and payroll charges and Pension plan obligations

In 3Q18, there was an increase of R\$68.8 million or 11.0%, due to the following factors:

- Increase of R\$61.5 million due to the provision for employees who joined the Knowledge Retention Program (*Programa de Retenção de Conhecimento - PRC*) launched by the Company in 2Q18, aiming to mitigate the impact of the exit of employees who possess strategic knowledge acquired throughout their career, through the transfer of intellectual capital;
- Increase of R\$43.7 million in expenses related to health insurance; and
- Increase of R\$16.7 million, mainly due to the 1.7% increase related to the Career and Salary Plan (*Plano de Cargos e Salários*) in February 2018, salary increases of 1.3% in May 2018 and the hiring of 675 new employees in 3Q18.

The increases above were partially offset by the reversal of R\$56.2 million in the provision for the Provision for Consent Decree (*Termo de Ajuste de Conduta* - TAC), related to the employees who joined the PRC.

5.2. General Materials

Increase of R\$21.2 million, or 53.3%, mainly due to the greater use of materials in the maintenance in water and sewage networks and in the maintenance of real estate and facilities, in the amount of R\$8.0 million and R\$5.9 million, respectively.

5.3 Services

Service expenses in the amount of R\$366.5 million increased by R\$78.1 million, or 27.1%, compared to the R\$288.4 million recorded in 3Q17. The increase in this line was distributed in several items, the main ones were:

- Increased hiring of technical services in 3Q18, in the amount of R\$27.9 million, mainly related to: (i) customer service, in the amount of R\$3.7 million; and (ii) IT technical support, in the amount of R\$3.5 million;
- Greater services execution in maintenance, in the water and sewage systems, in the amount of R\$7.8 million;
- Increased surveillance expenses, in the amount of R\$6.1 million; and
- Maintenance of properties and facilities, in the amount of R\$5.4 million.

5.4. Electricity

Electricity expenses totaled R\$241.5 million in 3Q18, an increase of R\$37.9 million or 18.6% when compared to the R\$203.6 million in 3Q17. This variation was mainly due to:

- Average increase of 10.1% in free market tariffs (*Ambiente de Contratação Livre - ACL*), with a decrease of 1.3% in consumption;
- Average increase of 11.4% in the grid market tariffs (*Tarifas de Uso do Sistema de Distribuição - TUSD*), with a 10.5% increase in consumption; and
- Average increase of 20.4% in regulated market tariffs (*Ambiente de Contratação Regulada - ACR*), with a decrease of 0.9% in consumption.

In 3Q18, ACL represented 34.3% of the total amount of electricity consumed by the Company, TUSD 34.1% and ACR represented 31.6% of this amount.

5.5. General expenses

An increase of R\$32.3 million or 17.5%, totaling R\$216.7 million in 3Q18, compared to R\$184.4 million in 3Q17, mainly due to the following factors:

- Higher expenses related to charging for use of water, in the amount of R\$23.0 million, related to a additional payment made to Foundation Agency of Alto Tietê Water Basin (*Fundação Agência Bacia Hidrográfica Alto Tietê - FABHAT*) from 2014 to 2016; due to the signature of a Recognition of Obligations Term (*Termo de Reconhecimento de Obrigações*) between the Company and FABHAT in 3Q18; and

- Higher provision for transfer to the São Paulo Municipal Fund for Environmental Sanitation and Infrastructure (*Fundo Municipal de Saneamento Ambiental e Infraestrutura de São Paulo*), in the amount of R\$15.2 million.

The above-mentioned increases were partially offset by the lower provisioning for lawsuits in 3Q18, in the amount of R\$8.7 million.

5.6. Depreciation and Amortization

The expenses with depreciation and amortization increased by R\$18.0 million or 5.5%, mainly due to the start-up of intangible assets, in the amount of R\$3.7 billion.

5.7. Allowance for doubtful accounts

Increase of R\$53.7 million, mainly due to:

- Lower recovery of unpaid amounts of R\$30.1 million in 3Q18; and
- Increase in delinquency rates, with an impact of R\$23.6 million.

6. Other Operating Revenues (Expenses), Net

Increase of R\$19.6 million, mainly related to the higher receipt of resources from the Water Basin Decontamination Program (*Programa de Despoluição de Bacias Hidrográficas*) in 3Q18, in the amount of R\$12.8 million.

7. Financial result

R\$ million

| | 3Q18 | 3Q17 | Chg. | % |
|-------------------------------------|----------------|--------------|----------------|----------------|
| Financial expenses, net of income | (95.1) | (44.5) | (50.6) | 113.7 |
| Net monetary and exchange variation | (167.7) | 267.4 | (435.1) | (162.7) |
| Financial result | (262.8) | 222.9 | (485.7) | (217.9) |

7.1. Financial expenses, net of income

| | 3Q18 | 3Q17 | Chg. | % |
|---|----------------|----------------|---------------|--------------|
| <i>R\$ million</i> | | | | |
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | (84.2) | (72.4) | (11.8) | 16.3 |
| Interest and charges on international loans and financing | (45.7) | (28.7) | (17.0) | 59.2 |
| Other financial expenses | (46.3) | (30.6) | (15.7) | 51.3 |
| Total financial expenses | (176.2) | (131.7) | (44.5) | 33.8 |
| Financial income | 81.1 | 87.2 | (6.1) | (7.0) |
| Financial expenses net of income | (95.1) | (44.5) | (50.6) | 113.7 |

Increase of R\$50.6 million, mainly due to the following factors:

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- Increase of R\$11.8 million in interest and charges on domestic loans and financings, mainly due to the lower capitalized amount to intangible assets in 3Q18 when compared to 3Q17;
- Increase of R\$17.0 million in interest and charges on foreign loans and financings, mainly due to the higher outstanding amounts in 3Q18 when compared to 3Q17, resulting from the appreciation of the dollar and yen against the real; and
- Increase of R\$15.7 million in other financial expenses, mainly due to: (i) recognition of interest on investment related to the Public-Private Partnership - PPP, in 3Q18, in the amount of R\$36.1 million, due to the full startup of the São Lourenço Production System (*Sistema Produtor São Lourenço*) in July 2018; and (ii) lower recognition of interest in lawsuits, in the amount of R\$16.8 million.

7.2. Monetary and exchange variation, net

| | <i>R\$ million</i> | | | |
|--|--------------------|--------------|----------------|----------------|
| | 3Q18 | 3Q17 | Chg. | % |
| Monetary variation on loans and financing | (21.3) | (3.6) | (17.7) | 491.7 |
| Currency exchange variation on loans and financing | (190.8) | 253.2 | (444.0) | (175.4) |
| Other monetary variations | 2.3 | (0.9) | 3.2 | (355.6) |
| Monetary/exchange rate variation on liabilities | (209.8) | 248.7 | (458.5) | (184.4) |
| Monetary/exchange rate variation on assets | 42.1 | 18.7 | 23.4 | 125.1 |
| Monetary/exchange rate variation, net | (167.7) | 267.4 | (435.1) | (162.7) |

The effect of net monetary and exchange variations in 3Q18 was R\$435.1 million higher than in 3Q17, highlighting the increase of R\$444.0 million in exchange variation on loans and financing, due to the appreciation of the dollar and the yen against real in 3Q18 (3.8% and 1.3%, respectively) when compared to the depreciation occurred in 3Q17 (-4.2% and -4.5%, respectively).

8. Income tax and Social contribution

The Company recorded a decrease of R\$170.5 million, due to the lower taxable result presented in 3Q18, mainly due to the appreciation of the dollar and yen against the real in 3Q18, when compared to the depreciation in 3Q17.

9. Indicators

9.1. Operating

| Operating indicators * | 3Q18 | 3Q17 | % |
|---|--------|--------|-------|
| Water connections ⁽¹⁾ | 9,010 | 8,807 | 2.3 |
| Sewage connections ⁽¹⁾ | 7,449 | 7,247 | 2.8 |
| Population directly served - water ⁽²⁾ | 25.0 | 24.9 | 0.4 |
| Population directly served - sewage ⁽²⁾ | 21.7 | 21.5 | 0.9 |
| Number of employees | 14,170 | 13,901 | 1.9 |
| Water volume produced in the quarter ⁽³⁾ | 693 | 695 | (0.3) |
| Water volume produced in the year ⁽³⁾ | 2,087 | 2,082 | 0.2 |
| IPM - Measured water loss (%) | 30.0 | 31.1 | (3.5) |
| IPDt (liters/connection x day) | 292 | 306 | (4.6) |

(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* | 3Q18 | 3Q17 |
|---|---------|---------|
| Amplified Consumer Price Index ⁽¹⁾ | 0.72 | 0.59 |
| National Consumer Price Index ⁽¹⁾ | 0.55 | 0.12 |
| Consumer Price Index ⁽¹⁾ | 1.03 | 0.11 |
| Referential Rate (1) | 0.0000 | 0.1132 |
| Interbank Deposit Certificate ⁽²⁾ | 6.39 | 8.14 |
| US DOLAR ⁽³⁾ | 4.0039 | 3.1680 |
| YEN ⁽³⁾ | 0.03528 | 0.02813 |

(1) Accrued in 2018 (%)

(2) Quarterly average

(3) Ptax sales on the last day

(*) Unaudited

10. Loans and financing

| INSTITUTION | DEBT PROFILE | | | | | | | Total |
|-----------------------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 up to 2034 | |
| Local currency | | | | | | | | |
| Caixa Econômica | | | | | | | | |
| Federal | 18,270 | 74,079 | 76,853 | 80,875 | 85,215 | 77,578 | 909,839 | 1,322,709 |
| Debentures | 309,883 | 1,044,297 | 587,169 | 479,076 | 558,337 | 361,791 | 353,247 | 3,693,800 |
| BNDES | 30,307 | 121,229 | 103,019 | 102,569 | 102,569 | 96,837 | 540,620 | 1,097,150 |
| Leasing | 4,527 | 33,924 | 35,577 | 37,374 | 39,328 | 42,091 | 374,771 | 567,592 |
| Others | 344 | 1,376 | 1,376 | 1,376 | 1,376 | 1,376 | 2,640 | 9,864 |
| Interest and other charges | 43,231 | 58,181 | - | - | - | - | - | 101,412 |
| Total Local Currency | 406,562 | 1,333,086 | 803,994 | 701,270 | 786,825 | 579,673 | 2,181,117 | 6,792,527 |
| Foreign currency | | | | | | | | |
| IADB | - | 169,385 | 169,385 | 169,385 | 169,385 | 169,385 | 1,604,859 | 2,451,784 |
| IBRD | - | 12,171 | 24,342 | 24,342 | 24,342 | 24,342 | 255,666 | 365,205 |

| | | | | | | | | |
|--------------------------------------|----------------|------------------|------------------|------------------|------------------|----------------|------------------|-------------------|
| Deutsche Bank 350 | 150,146 | 297,253 | - | - | - | - | - | 447,399 |
| Eurobond | - | - | 1,399,512 | - | - | - | - | 1,399,512 |
| JICA | 1,489 | 139,060 | 139,060 | 139,060 | 139,060 | 139,060 | 1,290,668 | 1,987,457 |
| IDB 1983AB | - | 70,838 | 69,935 | 30,799 | 30,799 | 29,158 | - | 231,529 |
| Interest and other charges | 41,972 | 9,583 | - | - | - | - | - | 51,555 |
| Total in foreign currency | 193,607 | 698,290 | 1,802,234 | 363,586 | 363,586 | 361,945 | 3,151,193 | 6,934,441 |
| Total | 600,169 | 2,031,376 | 2,606,228 | 1,064,856 | 1,150,411 | 941,618 | 5,332,310 | 13,726,968 |

11. Capex

3Q18 investments totaled R\$795.6 million, including R\$61.6 million related to the São Lourenço PPP.

12. Conference calls

In English

November 9, 2018 - Friday

11:00 pm US EST / 02:00 pm (Brasília)

Dial in: + 1 (412) 317-5486

Conference ID: Sabesp

Replay available for 7 days

Dial in: +1 (412) 317-0088

Replay ID: 10123641

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In Portuguese

November 9, 2018 - Friday

7:30 am US EST / 10:30 am (Brasília)

Dial in: +55 (11) 3193-1001

Conference ID: Sabesp

Replay available for 7 days

Dial in: +55 (11) 3193-1012

Replay ID: 5189882

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For more information, please contact:

Mario Arruda Sampaio

Head of Capital Markets and Investor Relations

Phone.(55 11) 3388-8664

E-mail: maasampaio@sabesp.com.br

Angela Beatriz Aioldi

Investor Relations Manager

Phone.(55 11) 3388-8793

E-mail: abairoldi@sabesp.com.br

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Income Statement

| Brazilian Corporate Law | R\$ '000 | |
|---|------------------|------------------|
| | 3Q18 | 3Q17 |
| Net Operating Income | 3,810,781 | 3,536,444 |
| Operating Costs | (2,313,289) | (2,047,318) |
| Gross Profit | 1,497,492 | 1,489,126 |
| Operating Expenses | | |
| Selling | (189,329) | (124,619) |
| Administrative revenue (expenses) | (216,543) | (233,926) |
| Other operating revenue (expenses), net | 34,159 | 14,642 |
| Operating Income Before Shareholdings | 1,125,779 | 1,145,223 |
| Equity Result | 502 | 1,232 |
| Earnings Before Financial Results, net | 1,126,281 | 1,146,455 |
| Financial, net | (83,141) | (30,289) |
| Exchange gain (loss), net | (179,629) | 253,158 |
| Earnings before Income Tax and Social Contribution | 863,511 | 1,369,324 |
| Income Tax and Social Contribution | | |
| Current | (303,572) | (406,548) |
| Deferred | 5,225 | (62,251) |
| Net Income for the period | 565,164 | 900,525 |
| Registered common shares ('000) | 683,509 | 683,509 |
| Earnings per shares - R\$ (per share) | 0.83 | 1.32 |
| Depreciation and Amortization | (342,520) | (324,516) |
| Adjusted EBITDA | 1,434,642 | 1,456,329 |
| % over net revenue | 37.7% | 41.2% |

Balance Sheet

| Brazilian Corporate Law | R\$ '000 | |
|---|-------------------|-------------------|
| ASSETS | 09/30/2018 | 12/31/2017 |
| Current assets | | |
| Cash and cash equivalents | 3,619,253 | 2,283,047 |
| Trade receivables | 1,739,377 | 1,672,595 |
| Related parties and transactions | 152,518 | 180,773 |
| Inventories | 66,946 | 85,671 |
| Restricted cash | 25,017 | 18,822 |
| Current recoverable taxes | 238,713 | 276,585 |
| Other receivables | 112,540 | 56,592 |
| Total current assets | 5,954,364 | 4,574,085 |
| Noncurrent assets | | |
| Trade receivables | 221,408 | 215,910 |
| Related parties and transactions | 674,876 | 634,387 |
| Escrow deposits | 163,980 | 122,686 |
| Water National Agency – ANA | 50,454 | 70,487 |
| Other receivables | 111,476 | 113,123 |
| Equity investments | 41,783 | 36,932 |
| Investment properties | 47,632 | 57,652 |
| Intangible assets | 34,733,454 | 33,466,132 |
| Property, plant and equipment | 246,648 | 255,050 |
| Total noncurrent assets | 36,291,711 | 34,972,359 |
| Total assets | 42,246,075 | 39,546,444 |
| LIABILITIES AND EQUITY | 09/30/2018 | 12/31/2017 |
| Current liabilities | | |
| Trade payables | 384,482 | 344,947 |
| Borrowings and financing | 2,104,480 | 1,746,755 |
| Accrued payroll and related charges | 609,295 | 588,073 |
| Taxes and contributions | 109,114 | 183,965 |
| Dividends and interest on capital payable | 436 | 598,612 |
| Provisions | 509,687 | 607,959 |
| Services payable | 399,590 | 408,275 |

| | | |
|---|-------------------|-------------------|
| Public-Private Partnership – PPP | 78,832 | 60,007 |
| Program Contract Commitments | 175,405 | 128,802 |
| Other liabilities | 112,780 | 104,485 |
| Total current liabilities | 4,484,101 | 4,771,880 |
| Noncurrent liabilities | | |
| Borrowings and financing | 11,622,488 | 10,354,211 |
| Deferred income tax and social contribution | 91,944 | 36,754 |
| Deferred Cofins and Pasep | 136,493 | 130,182 |
| Provisions | 425,507 | 470,245 |
| Pension obligations | 2,962,815 | 2,932,338 |
| Public-Private Partnership – PPP | 3,312,730 | 3,011,409 |
| Program Contract Commitments | 66,552 | 110,698 |
| Other liabilities | 356,494 | 215,718 |
| Total noncurrent liabilities | 18,975,023 | 17,261,555 |
| Total liabilities | 23,459,124 | 22,033,435 |
| Equity | | |
| Paid-up capital | 10,000,000 | 10,000,000 |
| Profit reserve | 7,997,571 | 8,051,110 |
| Other comprehensive income | (538,101) | (538,101) |
| Retained earnings | 1,327,481 | - |
| Total equity | 18,786,951 | 17,513,009 |
| Total equity and liabilities | 42,246,075 | 39,546,444 |

Cash Flow

| Brazilian Corporate Law | R\$ '000 | |
|---|------------------|------------------|
| | Jan-Sep 2018 | Jan-Sep 2017 |
| Cash flow from operating activities | | |
| Profit before income tax and social contribution | 1,986,875 | 2,883,881 |
| Adjustment for: | | |
| Depreciation and amortization | 997,406 | 974,487 |
| Residual value of property, plant and equipment and intangible assets written-off | 16,893 | 11,528 |
| Allowance for doubtful accounts | 126,005 | 87,480 |
| Provision and inflation adjustment | 50,794 | 138,571 |
| Interest calculated on loans and financing payable | 391,455 | 296,665 |
| Inflation adjustment and foreign exchange gains (losses) on loans and financing | 1,153,748 | (86,081) |
| Interest and inflation adjustment losses | 20,886 | 6,948 |
| Interest and inflation adjustment gains | (55,069) | (28,710) |
| Financial charges from customers | (219,514) | (169,194) |
| Margin on intangible assets arising from concession | (45,829) | (49,299) |
| Provision for Consent Decree (TAC) | (75,450) | 60,670 |
| Equity result | (4,196) | (4,699) |
| Provision from São Paulo agreement | 7,601 | 318,920 |
| Pension obligations | 181,995 | 228,404 |
| Other adjustments | 20,002 | (10,332) |
| | 4,553,602 | 4,659,239 |
| Changes in assets | | |
| Trade accounts receivable | 555 | 49,471 |
| Accounts receivable from related parties | 45,175 | 68,390 |
| Inventories | 18,725 | (65,200) |
| Recoverable taxes | 37,872 | 31,586 |
| Escrow deposits | (22,960) | (17,678) |
| Other accounts receivable | (32,403) | (56,751) |
| Changes in liabilities | | - |
| Trade payables and contractors | (206,041) | (217,200) |
| Services payable | (16,286) | (392,765) |
| Accrued payroll and related charges | 96,672 | 79,361 |
| Taxes and contributions payable | (162,720) | (151,611) |

| | | |
|---|--------------------|--------------------|
| Deferred Cofins/Pasep | 6,311 | (5,828) |
| Provisions | (193,804) | (209,865) |
| Pension obligations | (151,518) | (160,699) |
| Other liabilities | 142,676 | 7,805 |
| Cash generated from operations | 4,115,856 | 3,618,255 |
| Interest paid | (513,176) | (494,094) |
| Income tax and contribution paid | (514,657) | (784,965) |
| Net cash generated from operating activities | 3,088,023 | 2,339,196 |
| Cash flows from investing activities | | |
| Acquisition of intangibles | (1,366,684) | (1,233,769) |
| Restricted cash | (6,195) | 8,849 |
| Purchases of tangible assets | (23,043) | (12,442) |
| Increase in investment | (655) | - |
| Cash receipts from the sale of assets | 8,131 | - |
| Net cash used in investing activities | (1,388,446) | (1,237,362) |
| Cash flow from financing activities | | |
| Loans and financing | | |
| Proceeds from loans | 1,555,670 | 893,178 |
| Repayments of loans | (1,170,632) | (953,482) |
| Payment of interest on shareholders'equity | (653,393) | (765,933) |
| Public-Private Partnership – PPP | (63,469) | (23,528) |
| Program Contract Commitments | (31,547) | (37,290) |
| Net cash generated by (used in) financing activities | (363,371) | (887,055) |
| Cash reduce and cash equivalents | 1,336,206 | 214,779 |
| Represented by: | | |
| Cash and cash equivalents at beginning of the year | 2,283,047 | 1,886,221 |
| Cash and cash equivalents at end of the year | 3,619,253 | 2,101,000 |
| Cash reduce and cash equivalents | 1,336,206 | 214,779 |

