

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

June 03, 2016

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 May 12, 2016
(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 1Q16 results

São Paulo, May 12, 2016 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP** (BM&FBovespa: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of costumers, announces today its **1Q16 results**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reais, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2015.

SBSP3: R\$
27.73/share

SBS: US\$ 7.84
(ADR=1 share)

Total shares:
683,509,869

Market value: R\$
18.9 billion

Closing quote:
05/12/2016

1. Financial highlights

	<i>R\$ million</i>			
Gross operating revenue	2,570.62,004.5	566.1	28.2	
Construction revenue	625.3	588.4	36.9	6.3
COFINS and PASEP taxes	(168.1)	(124.3)	(43.8)	35.2
(=) Net operating revenue	3,027.82,468.6	559.2	22.7	
Costs and expenses	(1,794.4)	(789.1)	(1,005.3)	127.4
Construction costs	(612.4)	(576.4)	(36.0)	6.2
Equity result	2.1	1.1	1.0	90.9
Other operating revenue (expenses), net	5.5	32.1	(26.6)	(82.9)
(=) Earnings before financial result, income tax and social contribution	628.61,136.3	(507.7)	(44.7)	
Financial result	340.2	(985.8)	1,326.0	(134.5)
(=) Earnings before income tax and social contribution	968.8	150.5	818.3	543.7
Income tax and social contribution	(340.0)	167.7	(507.7)	(302.7)
(=) Net income	628.8	318.2	310.6	97.6
Earnings per share* (R\$)	0.92	0.47		
* Total shares = 683,509,869				

Adjusted EBITDA Reconciliation (Non-accounting measures)

	<i>R\$ million</i>			
Net income	628.8	318.2	310.6	97.6
Income tax and social contribution	340.0	(167.7)	507.7	(302.7)
Financial result	(340.2)	985.8	(1,326.0)	(134.5)
Other operating revenues (expenses), net	(5.5)	(32.1)	26.6	(82.9)
(=) Adjusted EBIT*	623.1	1,104.2	(481.1)	(43.6)
Depreciation and amortization	284.7	253.3	31.4	12.4
(=) Adjusted EBITDA **	907.8	1,357.5	(449.7)	(33.1)
(%) Adjusted EBITDA margin	30.0	55.0		

(*) Adjusted EBIT is net income before: (i) other operating revenues/expenses, net; (ii) financial result; and (iii) income tax and social contribution.

(**) Adjusted EBITDA is net income before: (i) depreciation and amortization expenses; (ii) income tax and social contribution; (iii) financial result; and (iv) other operating revenues/expenses, net.

In 1Q16, net operating revenue, including construction revenue, reached R\$ 3.0 billion; a 22.7% increase compared to the same period of 2015.

Costs and expenses, including construction costs, totaled R\$ 2.4 billion, 76.3% higher than the R\$ 1.4 billion recorded in 1Q15.

Adjusted EBIT, in the amount of R\$ 623.1 million, dropped 43.6% from R\$ 1,104.2 million recorded in 1Q15.

Adjusted EBITDA, in the amount of R\$ 907.8 million, reduced 33.1% from R\$ 1,357.5 million recorded in 1Q15 (R\$ 3,524.6 million in the last 12 months).

The adjusted EBITDA margin was 30.0% in 1Q16, versus 55.0% in 1Q15 (28.7% in the last 12 months). Excluding construction revenues and construction costs, the adjusted EBITDA margin was 37.2% in 1Q16 (71.6% in 1Q15 and 38.8% in the last 12 months).

In 1Q16 the Company recorded a net income of R\$ 628.8 million, in comparison to a net income of R\$ 318.2 million in 1Q15.

2. Gross operating revenue

Gross operating revenue from water and sewage, not including construction revenue, totaled R\$ 2.6 billion, an increase of R\$ 566.1 million or 28.2%, when compared to the R\$ 2.0 billion recorded in 1Q15.

The main factors that led to this variation were:

- 15.2% tariff increase (7.8% ordinary tariff adjustment and 6.9% extraordinary tariff revision) since June 2015;

- Lower bonus granted within the Water Consumption Reduction Incentive Program, with a R\$ 153.8 million impact in 1Q16, versus the R\$ 211.2 million recorded in 1Q15;
- Application of contingency tariff, in the amount of R\$ 160.6 million in 1Q16 (R\$ 79.3 million in 1Q15); and
- Increase of 1.9% in the Company's total billed volume (1.0% in water and 3.0% in sewage).

3. Construction revenue

Construction revenue increased R\$ 36.9 million or 6.3%, when compared to the previous year. The variation was mainly due to higher investments in the municipalities served by the Company.

4. Billed volume

The following tables show the water and sewage billed volume, quarter-on-quarter, per customer category and region.

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

Residential	380.4	369.1	3.1	320.3	308.7	3.8	700.7	677.8	3.4
Commercial	40.4	40.5	(0.2)	38.2	38.1	0.3	78.6	78.6	-
Industrial	7.7	8.5	(9.4)	9.5	9.9	(4.0)	17.2	18.4	(6.5)
Public	9.5	10.5	(9.5)	8.4	8.0	5.0	17.9	18.5	(3.2)
Total retail	438.0	428.6	2.2	376.4	364.7	3.2	814.4	793.3	2.7
Wholesale ⁽³⁾	52.0	56.5	(8.0)	5.7	6.3	(9.5)	57.7	62.8	(8.1)
Total	490.0	485.1	1.0	382.1	371.0	3.0	872.1	856.1	1.9

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

Metropolitan	279.0	267.9	4.1	241.5	230.9	4.6	520.5	498.8	4.4
Regional ⁽²⁾	159.0	160.7	(1.1)	134.9	133.8	0.8	293.9	294.5	(0.2)
Total retail	438.0	428.6	2.2	376.4	364.7	3.2	814.4	793.3	2.7
Wholesale ⁽³⁾	52.0	56.5	(8.0)	5.7	6.3	(9.5)	57.7	62.8	(8.1)
Total	490.0	485.1	1.0	382.1	371.0	3.0	872.1	856.1	1.9

(1) Unaudited

(2) Including coastal and interior region

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

5. Costs, administrative, selling and construction expenses

In 1Q16, costs, administrative, selling and construction expenses, grew 76.3% (R\$ 1,041.3 million). Excluding construction costs, total costs and expenses increased by 127.4%.

Excluding the effects of the non-recurring GESP Reimbursement transaction, costs and expenses increased by 16.7%.

As a percentage of net revenue, costs and expenses were 55.3% in 1Q15 and 79.5% in 1Q16. Excluding the effects of the GESP Reimbursement effects, costs and expenses as a percentage of net revenue came to 83.5% in 1Q15.

	<i>R\$ million</i>			
Payroll and benefits and pension plan obligations	574.3	534.5	39.8	7.4
Supplies	36.2	48.7	(12.5)	(25.7)
Treatment supplies	75.1	72.3	2.8	