

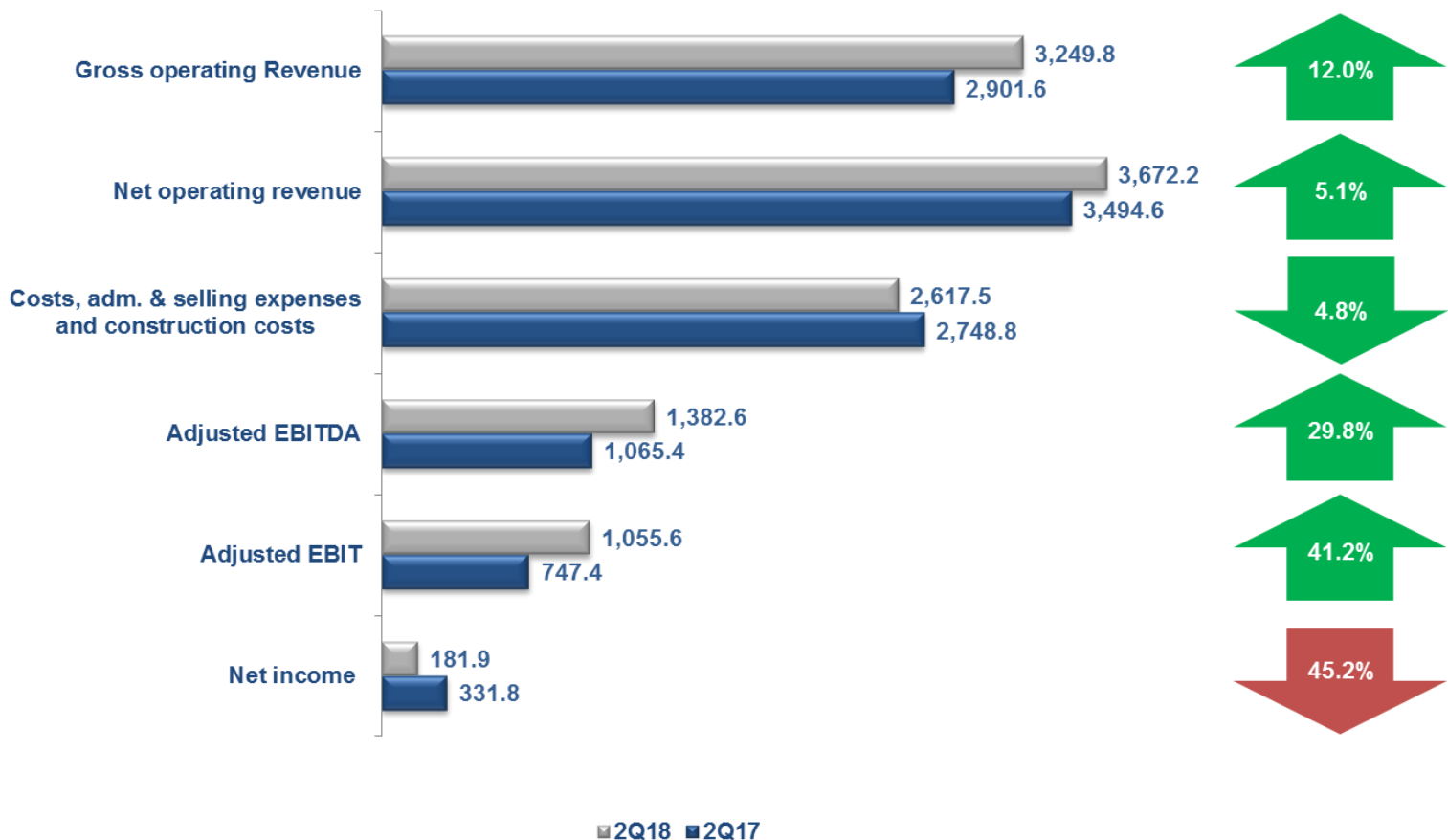
SABESP announces 2Q18 results

São Paulo, August 9, 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 **2Q18 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.

SBSP3: R\$ 26.70/share
SBS: US\$ 6.92 (ADR=1 share)
Total shares: 683,509,869
Market value: R\$ 18.13 billion
Closing quote: 08/09/2018



R\$ million



1. Financial highlights

							R\$ million	
	2Q18	2Q17	Chg. (R\$)	%	1H18	1H17	Chg. (R\$)	%
Gross operating revenue ¹	3,249.8	2,901.6	348.2	12.0	6,530.7	5,930.9	599.8	10.1
Construction revenue	667.0	779.4	(112.4)	(14.4)	1,314.2	1,502.3	(188.1)	(12.5)
COFINS and PASEP and TRCF taxes ²	(244.6)	(186.4)	(58.2)	31.2	(473.0)	(379.8)	(93.2)	24.5
(=) Net operating revenue	3,672.2	3,494.6	177.6	5.1	7,371.9	7,053.4	318.5	4.5
Costs and expenses	(1,965.5)	(1,984.6)	19.1	(1.0)	(3,964.2)	(3,816.5)	(147.7)	3.9
Construction costs	(652.0)	(764.2)	112.2	(14.7)	(1,284.7)	(1,471.5)	186.8	(12.7)
Equity result	0.9	1.6	(0.7)	(43.8)	3.7	3.5	0.2	5.7
Other operating revenue (expenses), net	16.3	12.5	3.8	30.4	27.8	23.1	4.7	20.3
(=) Earnings before financial result, income tax and social contribution	1,071.9	759.9	312.0	41.1	2,154.5	1,792.0	362.5	20.2
Financial result	(837.2)	(281.2)	(556.0)	197.7	(1,031.2)	(277.4)	(753.8)	271.7
(=) Earnings before income tax and social contribution	234.7	478.7	(244.0)	(51.0)	1,123.3	1,514.6	(391.3)	(25.8)
Income tax and social contribution	(52.8)	(146.9)	94.1	(64.1)	(361.0)	(508.3)	147.3	(29.0)
(=) Net income	181.9	331.8	(149.9)	(45.2)	762.3	1,006.3	(244.0)	(24.2)
Earnings per share* (R\$)	0.27	0.49	-	-	1.12	1.47		

¹ Includes Revenue from Regulatory, Control and Inspection Fee (TRCF - Taxa de Regulação, Controle e Fiscalização), in the amount of R\$ 15.8 million in the quarter and R\$31.3 in the 1H.

² Includes TRCF transfers in the amount of R\$13.5 million in the quarter and R\$26.9 in the 1H.

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

							R\$ million	
	2Q18	2Q17	Chg. (R\$)	%	1H18	1H17	Chg. (R\$)	%
Net income	181.9	331.8	(149.9)	(45.2)	762.3	1,006.3	(244.0)	(24.2)
Income tax and social contribution	52.8	146.9	(94.1)	(64.1)	361.0	508.3	(147.3)	(29.0)
Financial result	837.2	281.2	556.0	197.7	1,031.2	277.4	753.8	271.7
Other operating revenues (expenses), net	(16.3)	(12.5)	(3.8)	30.4	(27.8)	(23.1)	(4.7)	20.3
(=) Adjusted EBIT*	1,055.6	747.4	308.2	41.2	2,126.7	1,768.9	357.8	20.2
Depreciation and amortization	327.0	318.0	9.0	2.8	654.9	650.0	4.9	0.8
(=) Adjusted EBITDA **	1,382.6	1,065.4	317.2	29.8	2,781.6	2,418.9	362.7	15.0
(%) Adjusted EBITDA margin	37.7	30.5	-	-	37.7	34.3		

* 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 2Q18, the net operating revenue, which considers construction revenue, totaled R\$3,672.2 million, a growth of 5.1% over the same period of the previous year.

Costs and expenses, which include construction costs, totaled R\$2,617.5 million, a 4.8% decrease when compared to the same period of 2017.

Adjusted EBIT, in the amount of R\$1,055.6 million, increased 41.2% compared to the R\$747.4 million presented in 2Q17.

Adjusted EBITDA, in the amount of R\$1,382.6 million, increased 29.8% when compared to the R\$1,065.4 million presented in 2Q17 (R\$5,632.0 million in the last 12 months).

Adjusted EBITDA margin in 2Q18 was 37.7%, against 30.5% in 2Q17 (37.7% in the last 12 months).

Excluding the effects of revenue and construction costs, the adjusted EBITDA margin was 45.5% in 2Q18 (38.7% in 2Q17 and 46.5% in the last 12 months).

In 2Q18 the Company recorded a net income of R\$181.9 million, compared to a net income of R\$331.8 million in 2Q17.

2. Gross operating revenue

The gross operating revenue related to sanitation services, in the amount of R\$3,249.8 million, which does not consider the construction revenue, increased by R\$348.2 million or 12.0%, when compared to R\$2,901.6 million in 2Q17.

The main factors that led to the increase were:

- Tariff repositioning index of 7.9% since November 2017;
- Tariff repositioning index of 3.5% since June 2018; and
- 3.1% increase in total billed volume: 2.9% in water and 3.3% in sewage.

The increase caused by the above-mentioned factors was partially offset by the higher recognition with allowance for doubtful accounts referring to wholesale sales in 2Q18, in the amount of R\$45.8 million, due to the lower payment received in the period, mainly from the municipality of Guarulhos.

3. Construction revenue

Construction revenue decreased by R\$112.4 million or 14.4%, when compared to the previous year. The variation is mainly due to the lower 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		
	2Q18	2Q17	%	2Q18	2Q17	%	2Q18	2Q17	%
Residential	398.1	384.8	3.5	340.8	328.2	3.8	738.9	713.0	3.6
Commercial	41.7	40.8	2.2	40.4	39.3	2.8	82.1	80.1	2.5
Industrial	7.7	8.0	(3.8)	9.2	9.4	(2.1)	16.9	17.4	(2.9)
Public	10.5	10.4	1.0	9.4	9.3	1.1	19.9	19.7	1.0
Total retail	458.0	444.0	3.2	399.8	386.2	3.5	857.8	830.2	3.3
Wholesale ⁽³⁾	65.1	64.5	0.9	8.5	8.9	(4.5)	73.6	73.4	0.3
Total	523.1	508.5	2.9	408.3	395.1	3.3	931.4	903.6	3.1

Category	Water			Sewage			Water + Sewage		
	1H18	1H17	%	1H18	1H17	%	1H18	1H17	%
Residential	805.0	783.7	2.7	687.4	666.3	3.2	1,492.4	1,450.0	2.9
Commercial	83.8	82.3	1.8	80.4	78.8	2.0	164.2	161.1	1.9
Industrial	15.5	15.8	(1.9)	19.0	18.7	1.6	34.5	34.5	-
Public	20.1	20.3	(1.0)	18.1	17.9	1.1	38.2	38.2	-
Total retail	924.4	902.1	2.5	804.9	781.7	3.0	1,729.3	1,683.8	2.7
Wholesale ⁽³⁾	129.6	126.3	2.6	16.1	18.0	(10.6)	145.7	144.3	1.0
Total	1,054.0	1,028.4	2.5	821.0	799.7	2.7	1,875.0	1,828.1	2.6

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

Region	Water			Sewage			Water + Sewage		
	2Q18	2Q17	%	2Q18	2Q17	%	2Q18	2Q17	%
Metropolitan	298.3	289.5	3.0	260.8	252.4	3.3	559.1	541.9	3.2
Regional ⁽²⁾	159.7	154.5	3.4	139.0	133.8	3.9	298.7	288.3	3.6
Total retail	458.0	444.0	3.2	399.8	386.2	3.5	857.8	830.2	3.3
Wholesale ⁽³⁾	65.1	64.5	0.9	8.5	8.9	(4.5)	73.6	73.4	0.3
Total	523.1	508.5	2.9	408.3	395.1	3.3	931.4	903.6	3.1

Region	Water			Sewage			Water + Sewage		
	1H18	1H17	%	1H18	1H17	%	1H18	1H17	%
Metropolitan	598.0	582.3	2.7	521.6	506.3	3.0	1,119.6	1,088.6	2.8
Regional ⁽²⁾	326.4	319.8	2.1	283.3	275.4	2.9	609.7	595.2	2.4
Total retail	924.4	902.1	2.5	804.9	781.7	3.0	1,729.3	1,683.8	2.7
Wholesale ⁽³⁾	129.6	126.3	2.6	16.1	18.0	(10.6)	145.7	144.3	1.0
Total	1,054.0	1,028.4	2.5	821.0	799.7	2.7	1,875.0	1,828.1	2.6

(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 decreased by R\$131.3 million in 2Q18 (4.8%). Excluding construction costs, there was a decrease of R\$19.1 million (1.0%).

As a percentage of net revenue, costs, administrative and selling expenses and construction costs represented 71.3% in 2Q18, against 78.7% in 2Q17.

	<i>R\$ million</i>							
	2Q18	2Q17	Chg. (R\$)	%	1H18	1H17	Chg. (R\$)	%
Salaries and payroll charges and Pension plan obligations	680.2	716.0	(35.8)	(5.0)	1,310.1	1,304.5	5.6	0.4
General supplies	53.9	41.6	12.3	29.6	108.9	77.6	31.3	40.3
Treatment supplies	61.4	67.5	(6.1)	(9.0)	137.4	138.8	(1.4)	(1.0)
Services	319.5	349.8	(30.3)	(8.7)	696.7	632.5	64.2	10.2
Electricity	228.8	187.9	40.9	21.8	450.7	387.6	63.1	16.3
General expenses	222.1	239.6	(17.5)	(7.3)	468.3	449.5	18.8	4.2
Tax expenses	14.5	28.4	(13.9)	(48.9)	30.5	54.3	(23.8)	(43.8)
Sub-total	1,580.4	1,630.8	(50.4)	(3.1)	3,202.6	3,044.8	157.8	5.2
Depreciation and amortization	327.0	318.0	9.0	2.8	654.9	650.0	4.9	0.8
Allowance for doubtful accounts	58.1	35.8	22.3	62.3	106.7	121.8	(15.1)	(12.4)
Sub-total	385.1	353.8	31.3	8.8	761.6	771.8	(10.2)	(1.3)
Costs, administrative and selling expenses	1,965.5	1,984.6	(19.1)	(1.0)	3,964.2	3,816.6	147.6	3.9
Construction costs	652.0	764.2	(112.2)	(14.7)	1,284.7	1,471.5	(186.8)	(12.7)
Costs, adm & selling expenses and construction costs	2,617.5	2,748.8	(131.3)	(4.8)	5,248.9	5,288.1	(39.2)	(0.7)
% of net revenue	71.3	78.7			71.2	75.0		

5.1. Salaries and payroll charges and Pension plan obligations

In 2Q18, there was a decrease of R\$35.8 million or 5.0%, due to the following factors:

- Reversal of R\$ 73.3 million in the provision for the Conduct Adjustment Agreement (*Termo de Ajuste de Conduta*, or "TAC"), signed with the Public Prosecutor's Office of the State of São Paulo in 2009. This reversal is due to the implementation of the Knowledge Retention Program (*Programa de Retenção de Conhecimento*, the "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; and
- Lower number of retired employees in 2Q18, generating a reduction of R\$ 50.7 million in the provision for TAC when compared to 2Q17.

The above-mentioned decrease was partially offset by the following factors:

- Increase of R\$90.9 million, due to the provision for employees who joined the PRC; and
- The increase of R\$3.5 million, mainly due to the 1.7% increase related to the Career and Salary Plan in February 2018 and the salary increase of 1.29% in May 2018, as well as a reduction of 3.4% in the number of employees.

5.2. General Materials

Increase of R\$12.3 million or 29.6%, mainly due to the greater use of materials in the maintenance in networks and connections of water and sewage, in the amount of R\$8.1 million.

5.3 Services

Decrease of R\$30.3 million or 8.7%, mainly due to the following factors:

- Increased hiring of technical services to reduce water losses in 2Q17, totaling R\$7.9 million;
- Reduction of R\$5.1 million in telephony expenses; and
- Reduction of R\$5.1 million in advertisement expenses.

5.4. Electricity

Electricity expenses totaled R\$228.8 million in 2Q18, an increase of R\$40.9 million or 21.8% when compared to the R\$187.9 million in 2Q17. This variation was mainly due to:

- Average increase of 9.7% in free market tariffs (ACL – *Ambiente de Contratação Livre*), with an increase of 5.9% in consumption;
- Average reduction of 7.2% in the grid market tariffs (TUSD – *Tarifas de Uso do Sistema de Distribuição*), with a 15.9% increase in consumption; and
- Average increase of 10.1% in regulated market tariffs (ACR – *Ambiente de Contratação Regulada*), with an increase of 3.5% in consumption.

In 2Q18, ACL represented 35.0% of the total amount of electric power consumed by the Company, TUSD 34.6% and ACR represented 30.4% of this amount.

5.5. General expenses

A decrease of R\$17.5 million or 7.3%, totaling R\$222.1 million in 2Q18, compared to R\$239.6 million in 2Q17, mainly due to the lower provisioning for lawsuits in 2Q18, in the amount of R\$30.5 million.

The above-mentioned decrease was partially offset by the following factors:

- Higher expenses related to charging for the use of water, in the amount of R\$3.3 million; and
- Higher provision for transfer to the Municipal Fund for Environmental Sanitation and Infrastructure, in the amount of R\$1.8 million.

5.6. Depreciation and Amortization

The expenses with depreciation and amortization increased by R\$9.0 million or 2.8%, mainly due to the start-up of intangible assets, in the amount of R\$1.0 billion.

5.7. Allowance for doubtful accounts

Increase of R\$22.3 million, mainly due to the lower recovery of unpaid amounts in 2Q18.

6. Other Operating Revenues (Expenses), Net

6.1. Other Operating Revenues

An increase of R\$22.4 million, mainly due to the following factors:

- Larger recovery of values, in 2Q18, previously deposited by court order, in the amount of R\$10.9 million; and
- Revenue from the expropriation of property in 2Q18, in the amount of R\$8.1 million.

6.2. Other Operating Expenses

Increase of R\$18.6 million, mainly due to the write-off of real estate in 2Q18, in the amount of R\$15.6 million.

7. Financial result

	<i>R\$ million</i>			
	2Q18	2Q17	Chg.	%
Financial expenses, net of income	(66.9)	(72.1)	5.2	(7.2)
Net monetary and exchange variation	(770.3)	(209.1)	(561.2)	268.4
Financial result	(837.2)	(281.2)	(556.0)	197.7

7.1. Financial expenses, net of income

	<i>R\$ million</i>			
	2Q18	2Q17	Chg.	%
Financial expenses				
Interest and charges on domestic loans and financing	(84.4)	(66.0)	(18.4)	27.9
Interest and charges on international loans and financing	(47.2)	(29.4)	(17.8)	60.5
Other financial expenses	(33.8)	(45.4)	11.6	(25.6)
Total financial expenses	(165.4)	(140.8)	(24.6)	17.5
Financial income	98.5	68.7	29.8	43.4
Financial expenses net of income	(66.9)	(72.1)	5.2	(7.2)

7.1.1. Financial Expenses

Increase of R\$24.6 million, mainly due to the following factors:

- Increase of R\$18.4 million in interest and charges on domestic loans and financing, mainly due to the lower capitalized amount to the investment in 2Q18, when compared to 2Q17;
- Increase of R\$17.8 million in interest and charges on foreign loans and financing, mainly due to the higher appreciation of the dollar and the yen against the real in 2Q18 (16.0% and 11.4%, respectively), compared to the appreciation recorded in 2Q17 (4.4% and 3.5%, respectively); and
- Decrease of R\$11.6 million in other financial expenses, mainly due to the lower provisioning of interest in lawsuits in 2Q18.

7.1.2. Financial Revenue

Increase of R\$29.8 million, due to the recognition of interest on the agreement with the Government of the State of São Paulo (GESP Agreement of 2015) in 2Q18, in the amount of R\$46.6 million.

The above-mentioned increase was partially offset by the lower recognition of interest on financial investments in 2Q18, in the amount of R\$9.4 million, due to the lower CDI variation.

7.2. Monetary and exchange variation, net

	<i>R\$ million</i>			
	2Q18	2Q17	Chg.	%
Monetary variation on loans and financing	(12.7)	(19.0)	6.3	(33.2)
Currency exchange variation on loans and financing	(797.3)	(212.1)	(585.2)	275.9
Other monetary variations	(6.0)	(7.5)	1.5	(20.0)
Monetary/exchange rate variation on liabilities	(816.0)	(238.6)	(577.4)	242.0
Monetary/exchange rate variation on assets	45.7	29.5	16.2	54.9
Monetary/exchange rate variation, net	(770.3)	(209.1)	(561.2)	268.4

The effect of net monetary and exchange variations in 2Q18 was R\$561.2 million higher than in 2Q17, highlighting the increase of R\$585.2 million in exchange variation on loans and financing, due to the higher appreciation of the dollar and the yen against real in 2Q18 (16.0% and 11.4%, respectively) when compared to the appreciation occurred in 2Q17 (4.4% and 3.5%, respectively).

8. Income tax and Social contribution

The Company recorded a decrease of R\$94.1 million, due to the lower taxable result presented in 2Q18, mainly due to the higher appreciation of the US dollar and yen against the real in 2Q18, when compared to the appreciation in 2Q17.

9. Indicators

9.1. Operating

Operating indicators *	2Q18	2Q17	%
Water connections ⁽¹⁾	8,957	8,749	2.4
Sewage connections ⁽¹⁾	7,395	7,189	2.9
Population directly served - water ⁽²⁾	24.9	24.8	0.4
Population directly served - sewage ⁽²⁾	21.7	21.4	1.4
Number of employees	13,537	14,008	(3.4)
Water volume produced in the quarter ⁽³⁾	695	687	1.1
Water volume produced in the semester ⁽³⁾	1,396	1,387	0.7
IPM - Measured water loss (%)	30.0	31.5	(4.8)
IPDt (liters/connection x day)	293	308	(4.9)

(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*	2Q18	2Q17
Amplified Consumer Price Index ⁽¹⁾	1.89	0.22
National Consumer Price Index ⁽¹⁾	2.08	0.14
Consumer Price Index ⁽¹⁾	1.17	0.61
Referential Rate (1)	0.0000	0.1503
Interbank Deposit Certificate (%) ⁽²⁾	6.39	10.8
US DOLAR (R\$) ⁽³⁾	3.8558	3.3082
YEN (R\$) ⁽³⁾	0.03483	0.02944

⁽¹⁾ 2Q18 data in %

⁽²⁾ Quarterly average

⁽³⁾ R\$/sales on the last day

^(*) Unaudited

10. Loans and financing

R\$ thousand

INSTITUTION	DEBT PROFILE							Total
	2018	2019	2020	2021	2022	2023	2024 up to 2038	
Local currency								
Caixa Econômica Federal	35,909	73,184	75,892	79,855	84,132	76,429	882,511	1,307,912
Debentures	338,370	1,035,420	582,504	477,566	556,878	360,510	349,837	3,701,085
BNDES	57,906	121,064	102,879	102,430	102,430	96,700	539,841	1,123,250
Leasing	8,961	33,583	35,236	37,033	38,987	41,750	370,841	566,391
Others	830	1,375	1,375	1,375	1,375	1,375	2,631	10,336
Interest and other charges	40,191	31,255	-	-	-	-	-	71,446
Total Local Currency	482,167	1,295,881	797,886	698,259	783,802	576,764	2,145,661	6,780,420
Foreign currency								
IADB	69,433	138,865	138,865	138,865	138,865	138,865	1,254,851	2,018,609
IBRD	-	11,721	23,442	23,442	23,442	23,442	246,192	351,681
Deutsche Bank 350	144,593	285,237	-	-	-	-	-	429,830
Eurobond	-	-	1,347,471	-	-	-	-	1,347,471
JICA	39,532	136,676	136,676	136,676	136,676	136,676	1,266,090	1,989,002
IDB 1983AB	-	68,218	67,180	29,660	29,660	27,930	-	222,648
Interest and other charges	46,585	-	-	-	-	-	-	46,585
Total in foreign currency	300,143	640,717	1,713,634	328,643	328,643	326,913	2,767,133	6,405,826
Total	782,310	1,936,598	2,511,520	1,026,902	1,112,445	903,677	4,912,794	13,186,246

11. Capex

2Q18 investments totaled R\$757.8 million, including R\$129.7 million related to the São Lourenço PPP.

12. Conference calls

In English

August 14, 2018 - Tuesday

01:00 pm US EST / 02:00 pm (Brasília)

Dial in: + 1 (412) 317-5486

Conference ID: Sabesp

Replay available for 7 days

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In Portuguese

August 14, 2018 - Tuesday

9:30 am US EST / 10:30 am (Brasília)

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Conference ID: Sabesp

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Income Statement

Brazilian Corporate Law	R\$ '000	
	2Q18	2Q17
Net Operating Income	3,672,234	3,494,635
Operating Costs	(2,152,364)	(2,241,443)
Gross Profit	1,519,870	1,253,192
Operating Expenses		
Selling	(225,406)	(213,438)
Administrative revenue (expenses)	(239,735)	(293,914)
Other operating revenue (expenses), net	16,320	12,509
Operating Income Before Shareholdings	1,071,049	758,349
Equity Result	877	1,597
Earnings Before Financial Results, net	1,071,926	759,946
Financial, net	(42,091)	(69,207)
Exchange gain (loss), net	(795,143)	(212,009)
Earnings before Income Tax and Social Contribution	234,692	478,730
Income Tax and Social Contribution		
Current	25,238	(142,403)
Deferred	(78,044)	(4,519)
Net Income for the period	181,886	331,808
Registered common shares ('000)	683,509	683,509
Earnings per shares - R\$ (per share)	0.27	0.49
Depreciation and Amortization	(326,987)	(318,023)
Adjusted EBITDA	1,382,593	1,065,460
% over net revenue	37.7%	30.5%

Balance Sheet

Brazilian Corporate Law	R\$ '000	
ASSETS	06/30/2018	12/31/2017
Current assets		
Cash and cash equivalents	2,832,735	2,283,047
Trade receivables	1,673,590	1,672,595
Related parties and transactions	164,423	180,773
Inventories	64,843	85,671
Restricted cash	13,798	18,822
Current recoverable taxes	327,646	276,585
Other receivables	121,485	56,592
Total current assets	5,198,520	4,574,085
Noncurrent assets		
Trade receivables	217,568	215,910
Related parties and transactions	666,702	634,387
Escrow deposits	130,308	122,686
Water National Agency – ANA	53,249	70,487
Other receivables	112,961	113,123
Equity investments	41,281	36,932
Investment properties	47,644	57,652
Intangible assets	34,255,597	33,466,132
Property, plant and equipment	246,725	255,050
Total noncurrent assets	35,772,035	34,972,359
Total assets	40,970,555	39,546,444
LIABILITIES AND EQUITY	06/30/2018	12/31/2017
Current liabilities		
Trade payables	271,137	344,947
Borrowings and financing	1,968,966	1,746,755
Accrued payroll and related charges	578,926	588,073
Taxes and contributions	131,299	183,965
Dividends and interest on capital payable	436	598,612
Provisions	571,680	607,959
Services payable	419,088	408,275
Public-Private Partnership – PPP	88,421	60,007
Program Contract Commitments	117,814	128,802
Other liabilities	107,089	104,485
Total current liabilities	4,254,856	4,771,880
Noncurrent liabilities		
Borrowings and financing	11,217,280	10,354,211
Deferred income tax and social contribution	97,169	36,754
Deferred Cofins and Pasesp	130,906	130,182
Provisions	424,180	470,245
Pension obligations	2,953,028	2,932,338
Public-Private Partnership – PPP	3,263,154	3,011,409
Program Contract Commitments	99,534	110,698
Other liabilities	308,661	215,718
Total noncurrent liabilities	18,493,912	17,261,555
Total liabilities	22,748,768	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	762,317	-
Total equity	18,221,787	17,513,009
Total equity and liabilities	40,970,555	39,546,444

Cash Flow

R\$ '000

	Jan-Jun 2018	Jan-Jun 2017
Cash flow from operating activities		
Profit before income tax and social contribution	1,123,364	1,514,557
Adjustment for:		
Depreciation and amortization	654,886	649,971
Residual value of property, plant and equipment and intangible assets written-off	13,784	11,408
Allowance for doubtful accounts	106,698	121,860
Provision and inflation adjustment	50,040	127,706
Interest calculated on loans and financing payable	256,304	191,428
Inflation adjustment and foreign exchange gains (losses) on loans and financing	941,692	163,480
Interest and inflation adjustment losses	16,025	5,347
Interest and inflation adjustment gains	(39,672)	(24,965)
Financial charges from customers	(148,191)	(89,398)
Margin on intangible assets arising from concession	(29,548)	(30,893)
Provision for Consent Decree (TAC)	51,730	82,754
Equity result	(3,694)	(3,467)
Provision from São Paulo agreement	114,498	214,959
Pension obligations	121,784	152,279
Other adjustments	12,442	(14,205)
	3,242,142	3,072,821
Changes in assets		
Trade accounts receivable	21,491	32,730
Accounts receivable from related parties	32,345	28,330
Inventories	20,828	(8,639)
Recoverable taxes	(51,061)	(39,506)
Escrow deposits	1,089	24,525
Other accounts receivable	(45,628)	(55,298)
Changes in liabilities		
Trade payables and contractors	(248,804)	(252,487)
Services payable	(103,685)	(194,140)
Accrued payroll and related charges	(60,877)	(29,512)
Taxes and contributions payable	(44,327)	(46,352)
Deferred Cofins/Pasep	724	(3,447)
Provisions	(132,384)	(110,139)
Pension obligations	(101,094)	(107,190)
Other liabilities	91,237	57,510
		-
Cash generated from operations	2,621,996	2,369,206
Interest paid	(360,993)	(382,910)
Income tax and contribution paid	(307,293)	(499,267)
Net cash generated from operating activities	1,953,710	1,487,029
Cash flows from investing activities		
Acquisition of intangibles	(801,502)	(670,319)
Restricted cash	5,024	(6,519)
Purchases of tangible assets	(12,572)	(10,859)
Increase in investment	(655)	-
Cash receipts from the sale of assets	8,131	-
Net cash used in investing activities	(801,574)	(687,697)
Cash flow from financing activities		
Loans and financing		
Proceeds from loans	1,085,460	302,803
Repayments of loans	(975,245)	(802,548)
Payment of interest on shareholders' equity	(653,393)	(765,933)
Public-Private Partnership – PPP	(27,786)	(15,556)
Program Contract Commitments	(31,484)	(36,714)
Net cash generated by (used in) financing activities	(602,448)	(1,317,948)
Cash reduce and cash equivalents	549,688	(518,616)
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	2,832,735	1,367,605
Cash reduce and cash equivalents	549,688	(518,616)