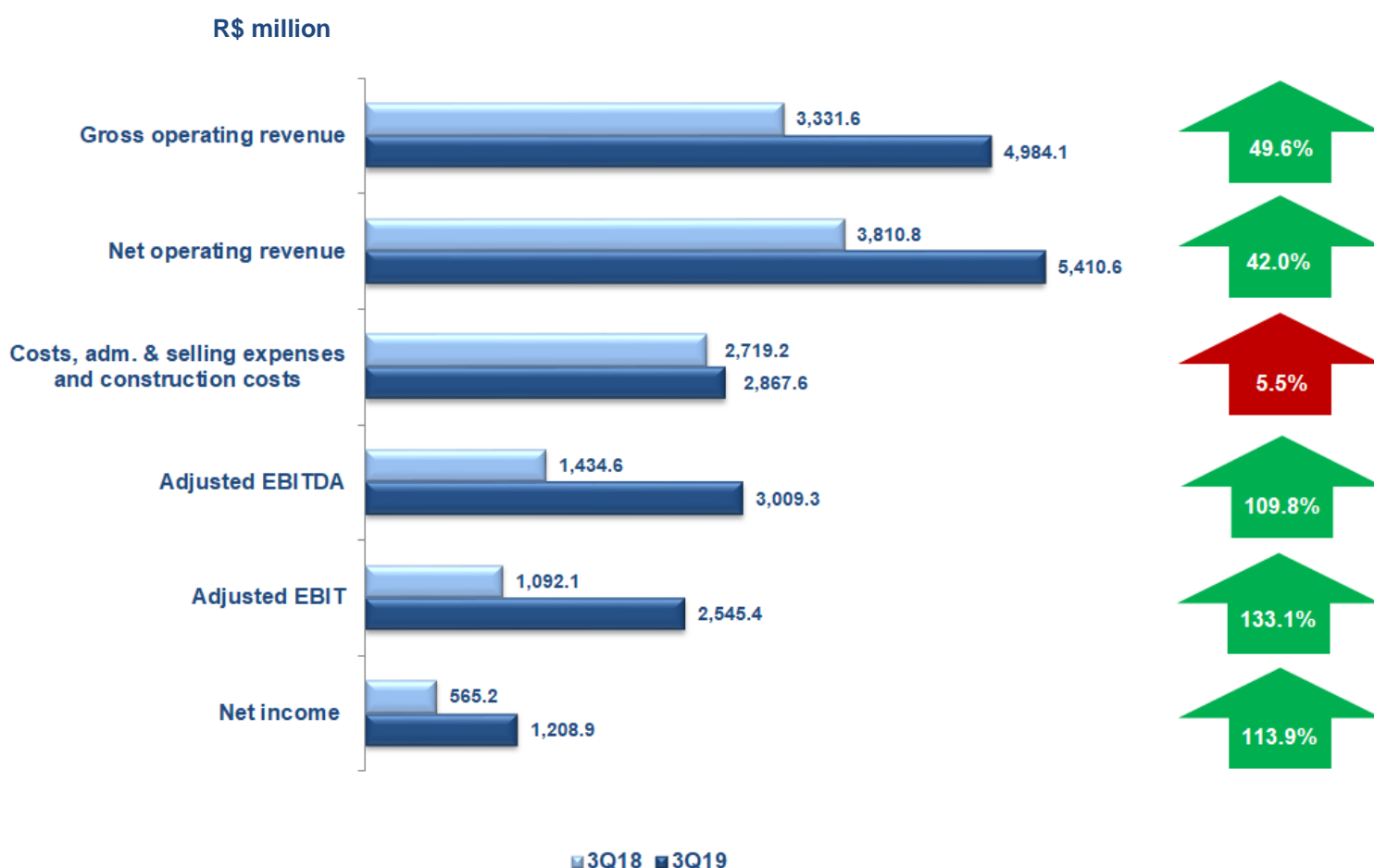


SABESP announces 3Q19 results

São Paulo, November 14, 2019 - **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 customers, announces today its **3Q19 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 2018.

SBSP3: R\$ 51.88/share
SBS: US\$ 12.20 (ADR=1 share)
Total shares: 683,509,869
Market value: R\$ 35.5 billion
Closing quote: 11/14/2019



1. Highlights for the Quarter

In 3Q19, the Company recorded a net income of R\$ 1,208.9 million, versus a net income of R\$ 565.2 million in 3Q18, representing an increase of R\$ 643.7 million, or 113.9%.

Adjusted EBITDA totaled R\$ 3,009.3 million, 109.8% higher than the R\$ 1,434.6 million recorded in 3T18 (increasing by R\$ 1,574.7 million).

3Q19 result was impacted by several events during the period, mainly:

(a) Start of Operation in the Municipality of Santo André

In July 2019, the Company entered into an agreement with the municipality of Santo André starting operations in August. The initial impact of this agreement resulted in R\$ 1,275.5 million increase in revenues in 3Q19 and a reduction of R\$ 41.7 million in expenses, as shown below:

Impacts of Santo André	R\$ million		
	3Q19	3Q18	Var.
Revenue - Wholesale ⁽¹⁾	1,261.7	16.2	1,245.5
Revenue - Retail ⁽²⁾	30.0	-	30.0
Total Revenue	1,291.7	16.2	1,275.5
Costs and Expenses ⁽³⁾	(9.8)	-	(9.8)
Allowance for doubtful accounts ⁽⁴⁾	51.5	-	51.5
Total Expenses	41.7	-	41.7
Net effect, before income tax and social contribution	1,333.4	16.2	1,317.2

(1) Non-recurring revenue in 3Q19 resulting from the agreement with the municipality.

(2) Revenue in 3Q19 referring to the start of operations in the municipality on August 11, 2019.

(3) Expenses with services and amortization in 3Q19 related to the start of operations in the municipality.

(4) Reversal of non-recurring allowance for doubtful accounts resulting from the agreement with the municipality.

(b) TAC - Retirees

On February 20, 2009, Sabesp and the Public Prosecution Office of the State of São Paulo signed a Conduct Adjustment Term (TAC), in which the Company pledged to promote the gradual dismissal of retired employees. As a result of this TAC, the Company recorded a provision for the dismissal of these employees.

On October 11, 2019, the Public Prosecution Office closed the case regarding the TAC given its understanding that the legal requirements were achieved. Therefore, the Company reversed non-recurring provisions, in the amount of R\$ 173.3 million in the Salaries and payroll charges and Pension plan obligations account.

(c) Operations in the Municipality of Guarulhos

The operations in the municipality of Guarulhos impacted positively the results in 3Q19 with a recognition of R\$ 115.6 million in operating revenues and R\$ 37.4 million in costs and expenses, excluding revenue and construction costs. Net income before income tax and social contribution was R\$ 78.2 million in the period.

(d) São Lourenço Production System

The São Lourenço Production System began its operations in 3Q18. The costs and expenses resulting from the startup of operations increased by R\$ 34.4 million, in the 3Q19 comparing to 3Q18, referring only to the month of September 2018.

(e) Signing of Program Contract with the Municipality of Guarujá

The Company was already providing sanitation services in the municipality of Guarujá under a lacked of formal agreement. In order to properly adjust the contract with current legislation, the Company signed a program contract for the provision of water and sewage service for a 30-year term and, within this context, ended all pending court proceedings and recognized non-recurring expenses in the amount of R\$ 46.4 million in 3Q19.

(f) Signing of a new Health Plan with Fundação CESP - FUNCESP

The health plan that was administered by SABESPREV was recording deficits and demanding sporadic contributions from Sabesp in order to maintain the financial solvency margins required by the National Agency for Supplementary Health (*Agência Nacional de Saúde Suplementar - ANS*).

In August 2019, the new health plan administered by Fundação CESP became effective, replacing the previous health plan. With the adherence to the new plan, there was no need for additional contributions and resulted in savings of R\$ 39.1 million in healthcare expenses in 3Q19, when compared to 3Q18.

2. Financial Highlights

	R\$ million							
	3Q19	3Q18	Var. (R\$)	%	9M19	9M18	Var. (R\$)	%
Gross operating revenue ¹	4,984.1	3,331.6	1,652.5	49.6	12,099.3	9,862.3	2,237.0	22.7
Construction revenue	699.5	724.1	(24.6)	(3.4)	1,991.5	2,038.4	(46.9)	(2.3)
COFINS and PASEP and TRCF taxes ²	(273.0)	(244.9)	(28.1)	11.5	(803.8)	(718.0)	(85.8)	11.9
(=) Net operating revenue	5,410.6	3,810.8	1,599.8	42.0	13,287.0	11,182.7	2,104.3	18.8
Costs and expenses	(2,183.9)	(2,011.3)	(172.6)	8.6	(6,862.3)	(5,975.5)	(886.8)	14.8
Construction costs	(683.7)	(707.9)	24.2	(3.4)	(1,946.7)	(1,992.6)	45.9	(2.3)
Equity result	2.4	0.5	1.9	380.0	8.3	4.2	4.1	97.6
Other operating revenue (expenses), net	13.2	34.2	(21.0)	(61.4)	18.3	62.0	(43.7)	(70.5)
(=) Earnings before financial result, income tax and social contribu	2,558.6	1,126.3	1,432.3	127.2	4,504.6	3,280.8	1,223.8	37.3
Financial result	(719.9)	(262.8)	(457.1)	173.9	(1,026.0)	(1,293.9)	267.9	(20.7)
(=) Earnings before income tax and social contribution	1,838.7	863.5	975.2	112.9	3,478.6	1,986.9	1,491.7	75.1
Income tax and social contribution	(629.8)	(298.3)	(331.5)	111.1	(1,168.1)	(659.4)	(508.7)	77.1
(=) Net income	1,208.9	565.2	643.7	113.9	2,310.5	1,327.5	983.0	74.0
Earnings per share* (R\$)	1.77	0.83			3.38	1.94		

(1) Includes Regulation, Control and Inspection Fee (TRCF), totaling R\$ 17.4 million in 3Q19 and R\$ 15.8 million in 3Q18.

(2) Includes TRCF transfer, totaling R\$ 15.1 million in 3Q19 and R\$ 13.5 million in 3Q18.

(*) Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

	R\$ million							
	3Q19	3Q18	Var. (R\$)	%	9M19	9M18	Var. (R\$)	%
Net income	1,208.9	565.2	643.7	113.9	2,310.5	1,327.5	983.0	74.0
Income tax and social contribution	629.8	298.3	331.5	111.1	1,168.1	659.4	508.7	77.1
Financial result	719.9	262.8	457.1	173.9	1,026.0	1,293.9	(267.9)	(20.7)
Other operating revenues (expenses), net	(13.2)	(34.2)	21.0	(61.4)	(18.3)	(62.0)	43.7	(70.5)
(=) Adjusted EBIT*	2,545.4	1,092.1	1,453.3	133.1	4,486.3	3,218.8	1,267.5	39.4
Depreciation and amortization	463.9	342.5	121.4	35.4	1,299.3	997.4	301.9	30.3
(=) Adjusted EBITDA **	3,009.3	1,434.6	1,574.7	109.8	5,785.6	4,216.2	1,569.4	37.2
(%) Adjusted EBITDA margin	55.6	37.6			43.5	37.7		

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

**Adjusted EBITDA corresponds to 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 3Q19, net operating revenue, which considers construction revenue, totaled R\$ 5,410.6 million, 42.0% from 3Q18.

Costs and expenses, which consider construction costs, totaled R\$ 2,867.6 million, 5.5% up from 3Q18.

Adjusted EBIT totaled R\$ 2,545.4 million, increasing by 133.1% from the R\$ 1,092.1 million recorded in 3Q18.

Adjusted EBITDA totaled R\$ 3,009.3 million, increasing by 109.8% from the R\$ 1,434.6 million recorded in 3Q18 (R\$ 8,110.0 million in the last 12 months e and R\$ 5,610.3 million in the 12-months comparative period of 2018).

The adjusted EBITDA margin reached 55.6% in 3Q19, versus 37.6% in 3Q18 (44.6% in the last 12 months and R\$ 36.9% in the 12-months comparative period of 2018).

Excluding the effects of revenue and construction costs, adjusted EBITDA margin reached 63.5% in 3Q19, compared to 46.0% in 3Q18 (52.2% in the last 12 months and 45.3% in the 12-months comparative period of 2018).

Net income totaled R\$ 1,208.9 million in 3Q19 versus a net income of R\$ 565.2 million in 3Q18.

3. Gross operating revenue

Gross operating revenue related to sanitation services, in the amount of R\$ 4,984.1 million, which does not consider construction revenue, increased by R\$ 1,652.5 million, or 49.6%, from the amount of R\$ 3,331.6 million in 3Q18.

The main factors that led to the increase were:

- 3.5% tariff repositioning index since June 2018 and 4.7% tariff adjustment since May 2019 with approximately 4.9% impact on operating revenue;
- 2.8% increase in total billed volume, of which 2.4% came from water services and 3.4% came from sewage services, excluding the volumes of Guarulhos and Santo André;
- Beginning of operations in the municipality of Guarulhos in January 2019, generating an increase of R\$ 115.6 million in operating revenue; and
- Agreement signed with the municipality of Santo André in July 2019, generating an increase of R\$ 1,275.5 million in operating revenue.

4. Construction revenue

Construction revenue fell by R\$ 24.6 million, or 3.4% against the same period in 2018. The variation was mainly due to higher asset investments in 3Q18, mainly in São Lourenço Production System.

5. Billed volume

The tables below show water and sewage billed volumes, quarter-over-quarter and YTD, according to the consumer category and region. The volumes from the municipalities of Guarulhos and Santo André are highlighted separately.

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

Category	Water			Sewage			Water + Sewage		
	3Q19	3Q18	%	3Q19	3Q18	%	3Q19	3Q18	%
Residential	404.5	394.6	2.5	349.0	338.4	3.1	753.5	733.0	2.8
Commercial	42.0	41.0	2.4	41.1	40.0	2.8	83.1	81.0	2.6
Industrial	7.8	7.7	1.3	9.6	9.2	4.3	17.4	16.9	3.0
Public	10.4	10.1	3.0	9.5	9.1	4.4	19.9	19.2	3.6
Total retail	464.7	453.4	2.5	409.2	396.7	3.2	873.9	850.1	2.8
Wholesale ⁽³⁾	20.9	20.8	0.5	4.3	3.3	30.3	25.2	24.1	4.6
Subtotal	485.6	474.2	2.4	413.5	400.0	3.4	899.1	874.2	2.8
Guarulhos ⁽⁴⁾	18.7	28.0	(33.2)	16.0	-	-	34.7	28.0	23.9
Santo André ⁽⁴⁾	18.1	17.7	2.3	7.1	3.8	86.8	25.2	21.5	17.2
Total	522.4	519.9	0.5	436.6	403.8	8.1	959.0	923.7	3.8

Category	Water			Sewage			Water + Sewage		
	9M19	9M18	%	9M19	9M18	%	9M19	9M18	%
Residential	1,226.7	1,199.5	2.3	1,054.7	1,025.7	2.8	2,281.4	2,225.2	2.5
Commercial	126.7	124.8	1.5	123.6	120.5	2.6	250.3	245.3	2.0
Industrial	23.4	23.3	0.4	28.8	28.2	2.1	52.2	51.5	1.4
Public	31.3	30.3	3.3	28.5	27.2	4.8	59.8	57.5	4.0
Total retail	1,408.1	1,377.9	2.2	1,235.6	1,201.6	2.8	2,643.7	2,579.5	2.5
Wholesale ⁽³⁾	61.9	60.7	2.0	12.5	9.9	26.3	74.4	70.6	5.4
Subtotal	1,470.0	1,438.6	2.2	1,248.1	1,211.5	3.0	2,718.1	2,650.1	2.6
Guarulhos ⁽⁴⁾	53.2	82.3	(35.4)	45.9	-	-	99.1	82.3	20.4
Santo André ⁽⁴⁾	53.9	53.0	1.7	15.8	13.4	17.9	69.7	66.4	5.0
Total	1,577.1	1,573.9	0.2	1,309.8	1,224.9	6.9	2,886.9	2,798.8	3.1

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

Region	Water			Sewage			Water + Sewage		
	3Q19	3Q18	%	3Q19	3Q18	%	3Q19	3Q18	%
Metropolitan	302.1	295.2	2.3	266.0	258.6	2.9	568.1	552.7	2.8
Regional ⁽²⁾	162.6	158.2	2.8	143.2	138.1	3.7	305.8	296.1	3.3
Total retail	464.7	453.4	2.5	409.2	396.7	3.2	873.9	850.1	2.8
Wholesale ⁽³⁾	20.9	20.8	0.5	4.3	3.3	30.3	25.2	24.1	4.6
Subtotal	485.6	474.2	2.4	413.5	400.0	3.4	899.1	874.2	2.8
Guarulhos ⁽⁴⁾	18.7	28.0	(33.2)	16.0	-	-	34.7	28.0	23.9
Santo André ⁽⁴⁾	18.1	17.7	2.3	7.1	3.8	86.8	25.2	21.5	17.2
Total	522.4	519.9	0.5	436.6	403.8	8.1	959.0	923.7	3.8

Region	Water			Sewage			Water + Sewage		
	9M19	9M18	%	9M19	9M18	%	9M19	9M18	%
Metropolitan	911.8	893.3	2.1	800.5	780.2	2.6	1,712.3	1,673.5	2.3
Regional ⁽²⁾	496.3	484.6	2.4	435.1	421.4	3.3	931.4	906.0	2.8
Total retail	1,408.1	1,377.9	2.2	1,235.6	1,201.6	2.8	2,643.7	2,579.5	2.5
Wholesale ⁽³⁾	61.9	60.7	2.0	12.5	9.9	26.3	74.4	70.6	5.4
Subtotal	1,470.0	1,438.6	2.2	1,248.1	1,211.5	3.0	2,718.1	2,650.1	2.6
Guarulhos ⁽⁴⁾	53.2	82.3	(35.4)	45.9	-	-	99.1	82.3	20.4
Santo André ⁽⁴⁾	53.9	53.0	1.7	15.8	13.4	17.9	69.7	66.4	5.0
Total	1,577.1	1,573.9	0.2	1,309.8	1,224.9	6.9	2,886.9	2,798.8	3.1

(1) Unaudited

- (2) Including costal and interior regions
 (3) Wholesale includes volumes of reuse water and non-domestic sewage
 (4) Billed volume in the retail segment in 3Q19 and in the wholesale segment in 3Q18

6. Costs, administrative & selling expenses and construction costs

Costs, administrative & selling expenses and construction costs increased by R\$ 148.4 million in 3Q19 (5.5%). Excluding construction costs, the increase was R\$ 172.6 million (8.6%).

Costs, administrative & selling expenses and construction costs as a percentage of net revenue was 53.0% in 3Q19, versus 71.4% in 3Q18. Excluding extraordinary revenues from Santo André, the percentage of net revenue would have been 69.6% in 3Q19.

	<i>R\$ million</i>							
	3Q19	3Q18	Var. (R\$)	%	9M19	9M18	Var. (R\$)	%
Salaries and payroll charges and Pension plan obligations	517.0	692.2	(175.2)	(25.3)	1,969.6	2,002.3	(32.7)	(1.6)
General supplies	67.3	61.0	6.3	10.3	196.1	169.9	26.2	15.4
Treatment materials	67.4	58.1	9.3	16.0	229.8	195.5	34.3	17.5
Services	449.9	366.5	83.4	22.8	1,326.5	1,063.2	263.3	24.8
Electricity	282.5	241.5	41.0	17.0	845.0	692.1	152.9	22.1
General expenses	358.6	216.7	141.9	65.5	889.5	685.0	204.5	29.9
Tax expenses	14.9	13.5	1.4	10.4	55.6	44.1	11.5	26.1
Sub-total	1,757.6	1,649.5	108.1	6.6	5,512.1	4,852.1	660.0	13.6
Depreciation and amortization	463.9	342.5	121.4	35.4	1,299.3	997.4	301.9	30.3
Allowance for doubtful accounts	(37.6)	19.3	(56.9)	(294.8)	50.9	126.0	(75.1)	(59.6)
Sub-total	426.3	361.8	64.5	17.8	1,350.2	1,123.4	226.8	20.2
Costs, administrative and selling expenses	2,183.9	2,011.3	172.6	8.6	6,862.3	5,975.5	886.8	14.8
Construction costs	683.7	707.9	(24.2)	(3.4)	1,946.7	1,992.6	(45.9)	(2.3)
Costs, adm & selling expenses and construction costs	2,867.6	2,719.2	148.4	5.5	8,809.0	7,968.1	840.9	10.6
% of net revenue	53.0	71.4			66.3	71.3		

Salaries and payroll charges and Pension plan obligations

In 3Q19, there was a decrease of R\$ 175.2 million, mainly due to:

- Reversal of R\$ 173.3 million in the provisions of the TAC - Retirees, non-recurring, referring to employees who retired after the signing of the commitment with the Public Prosecution Office of São Paulo due to full complied with the legal requirements by Sabesp recognized by the Public Prosecutor; and
- Reduction of R\$ 39.1 million in healthcare expenses.

The reductions listed above were partially offset by:

- Increase of R\$ 12.0 million, mainly due to the application of 1.0% referring to the Career and Salaries Plan (*Plano de Cargos e Salários*) in February 2019 and the 4.99% salary adjustment in May 2019, which impacts was mitigated by the reduction of 152 employees since September 2018 (net of hiring and dismissals); and
- Increase of R\$ 11.0 million in overtime expenses.

Treatment materials

Increase of R\$ 9.3 million, or 16.0%, mainly due to the increase in use of oxidizers and coagulants in the water treatment, especially in the ABV Water Treatment Station.

Services

Expenses with services totaled R\$ 449.9 million increased by R\$ 83.4 million, or 22.8% from the R\$ 366.5 million recorded in 3Q18. The main factors for the increase were:

- Meter reading and bill delivery expenses, in the amount of R\$ 15.2 million;
- Maintenance services in water and sewage networks and connections, in the amount of R\$ 10.2 million, with R\$ 4.1 million in the municipality of Guarulhos;
- Consulting fees for improvements in IT systems, in the amount of R\$ 9.6 million;
- Paving and replacing of sidewalks, in the amount of R\$ 9.5 million;
- Treatment services for waste disposal, in the amount of R\$ 7.2 million;
- Services related to the beginning of operations in the municipality of Santo André, in August 2019, in the amount of R\$ 6.7 million; and
- Customer service expenses, in the amount of R\$ 6.3 million.

Electricity

Electricity expenses totaled R\$ 282.5 million in 3Q19, up by R\$ 41.0 million, or 17.0% from the expenses of R\$ 241.5 million recorded in 3Q18. Of total electricity expenses, ACL accounted for 37.7% (includes TUSD) and ACR for 62.3%.

These variations were mainly due to:

- Average decrease of 4.8% in energy prices of Free Market tariffs (*Ambiente de Contratação Livre – ACL*), with a 9,9% increase in consumption;
- Average increase of 33.8% in Grid Market tariffs (*Uso do Sistema de Distribuição – TUSD*), with a 6.1% increase in consumption; and
- Average increase of 8.6% in the Regulated Market tariffs (*Ambiente de Contratação Regulada – ACR*), with a 3.2% increase in consumption.

The increase in consumption in 3Q19 was largely driven by the start of operations at the Jaguari-Atibainha Interconnection, in Guarulhos and in the São Lourenço Production System.

General expenses

Increase of R\$ 141.9 million, or 65.5%, totaling R\$ 358.6 million in 3Q19, versus the R\$ 216.7 million recorded in 3Q18, mainly due to:

- Higher provisioning for lawsuits in 3Q19, in the amount of R\$ 81.8 million; and

- Expenses related to the conclusion of lawsuits, due to the agreement signed with the municipality of Guarujá, in the amount of R\$ 46.4 million.

Depreciation and amortization

Depreciation and amortization expenses increased by R\$ 121.4 million, or 35.4%, mainly due to the start-up of intangible assets, in the amount of R\$ 4.0 billion.

Allowance for doubtful accounts

Decrease of R\$ 56.9 million, due to the reversal in estimated losses in the municipality of Santo André, in the amount of R\$ 51.5 million due to the agreement signed.

7. Other operating revenue (expenses), net

Other net operating revenue and expenses had a negative variation of R\$ 21.0 million, due to the higher receipt of resources from the River Basin Depollution Program in 3Q18, in the amount of R\$ 17.2 million.

8. Financial result

	<i>R\$ million</i>			
	3Q19	3Q18	Var.	%
Financial expenses, net of income	(185.6)	(95.1)	(90.5)	95.2
Net monetary and exchange variation	(534.3)	(167.7)	(366.6)	218.6
Financial result	(719.9)	(262.8)	(457.1)	173.9

Financial expenses, net of income

	<i>R\$ million</i>			
	3Q19	3Q18	Var.	%
Financial expenses				
Interest and charges on domestic loans and financing	(89.9)	(84.2)	(5.7)	6.8
Interest and charges on international loans and financing	(44.0)	(45.7)	1.7	(3.7)
Other financial expenses	(125.0)	(46.3)	(78.7)	170.0
Total financial expenses	(258.9)	(176.2)	(82.7)	46.9
Financial income	73.3	81.1	(7.8)	(9.6)
Financial expenses net of income	(185.6)	(95.1)	(90.5)	95.2

Financial expenses

Increase of R\$ 90.5 million, mainly due to the addition of R\$ 78.7 million in other financial expenses arising from the increase in recognition of interest over: (i) lawsuits, in the amount of R\$ 54.9 million; and (ii) the São Lourenço Production System, in the amount of R\$ 17.5 million.

Monetary and exchange variation, net

	<i>R\$ million</i>			
	3Q19	3Q18	Var.	%
Monetary exchange rate variation on liabilities				
Monetary variation on loans and financing	(4.3)	(21.3)	17.0	(79.8)
Currency exchange variation on loans and financing	(522.1)	(190.8)	(331.3)	173.6
Other monetary variations	(29.3)	2.3	(31.6)	(1,373.9)
Monetary/exchange rate variation on liabilities	(555.7)	(209.8)	(345.9)	164.9
Monetary/exchange rate variation on assets	21.4	42.1	(20.7)	(49.2)
Monetary/exchange rate variation, net	(534.3)	(167.7)	(366.6)	218.6

The effect of net monetary and exchange variation in 3Q19 totaled R\$ 366.6 million, higher than recorded in 3Q18, highlighting:

- Increase of R\$ 331.3 million in exchange variations on loans and financing, as a result of the appreciation of the US Dollar and Japanese Yen against the Brazilian Real in 3Q19 (8.7% and 8.4%, respectively), when compared to the amounts recorded in 3Q18 (3.8% and 1.3%, respectively); and
- Increase of R\$ 31.6 million in other monetary variations, as a result of: (i) monetary variations on the liabilities of the São Lourenço Production System, in the amount of R\$ 17.6 million; and (ii) higher monetary variations on lawsuits, in the amount of R\$ 10.0 million.

9. Income tax and Social contribution

Increase of R\$ 331.5 million, due to higher taxable income in 3Q19, mainly impacted by the increase in operating revenue resulting from the agreement with the municipality of Santo André, the reversal of provisions for the TAC – Retirees, offsetted by and the increase in expenses for exchange variations.

10. Indicators

a) Operating

The significant increase in the number of water and sewage connections and the population served is due to the entry of the municipalities of Guarulhos and Santo André. If we exclude these two municipalities, the number of water connections would have been 9.2 million and the number of sewage connections would have been 7.7 million. The population served with water supply and sewage collection would be 25.1 million and 21.9 million, respectively.

With regard to water loss indicators, the Micromeasured Water Loss Index (IPM) of 29.4% in 3Q19, 19.6% (or 66% of the total) is related to Real Losses (Physical) and 9.8% (or 34% of the total) to Apparent Losses (non-Physical). On the other hand, the Water Loss per Connection Index (IPDt) of the total of 288 liters/connection x day, 192 represents the Real Loss (Physical) and 96 represents Apparent Losses (non-Physical). It should be noted that the Apparent Loss, in both indicators, represents water consumed but not measured by the Company.

Operating indicators *	3Q19	3Q18	%
Water connections ⁽¹⁾	9,881	9,010	9.7
Sewage connections ⁽¹⁾	8,277	7,449	11.1
Population directly served - water ⁽²⁾	27.0	25.0	8.0
Population directly served - sewage ⁽²⁾	23.7	21.7	9.2
Number of employees	14,018	14,170	(1.1)
Water volume produced in the quarter ⁽³⁾	710	693	2.5
Water volume produced in 9M ⁽³⁾	2,140	2,087	2.6
IPM - Micromeasured water loss (%) ⁽⁴⁾	29.4	30.0	(2.0)
IPDt (liters/connection x day) ⁽⁴⁾	288	292	(1.4)

(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. Does not include wholesale.

(3) In millions of cubic meters.

(4) Does not include Guarulhos and Santo Andre.

(*) Unaudited.

b) Management's Indicators

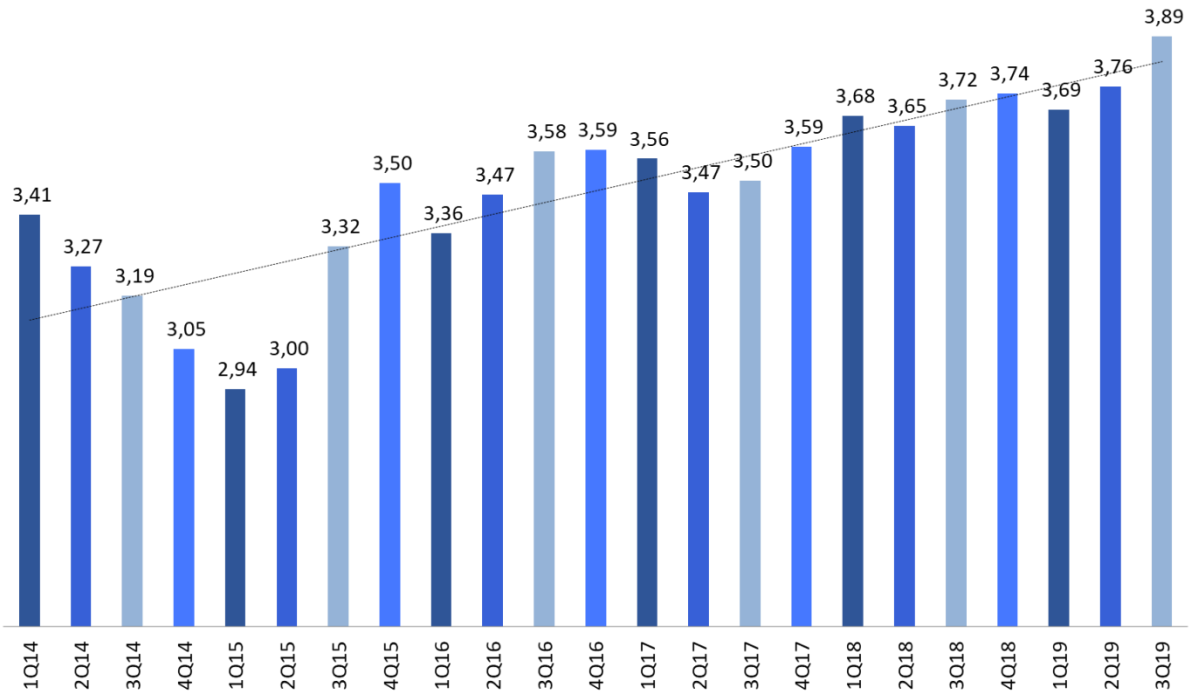
Following are three management performance indicators, namely Gross Revenue per cubic meter, Operating Expense per cubic meter and EBITDA per cubic meter billed.

The period shown goes back to 2014, and uses quarterly accounting data disclosed by the company. Adjustments to isolate selected extraordinary and relevant events that would distort the result were also made. All values were brought at average prices for the 3rd quarter 2019, updated by the IPCA, to allow comparisons in the same price base.

These adjustments were made in order to make possible analyze the company over a longer period of time and on the same price basis, rather than in nominal terms and on quarter over quarter basis, where specific events may lead to comparison basis problems and distortions, what brings difficulties in observing the company's evolution and performance over time.

The following charts show a favorable and consistent growth of our Gross Revenue per cubic meter. Due to a disciplined cost management practice, Operating Expenses per cubic meter develops in a controlled manner and compatible with the expansion of our operations in the period. The result, in great part due to Gross Revenue and Operating Expenses behavior, is a very consistent growth in EBITDA per cubic meter.

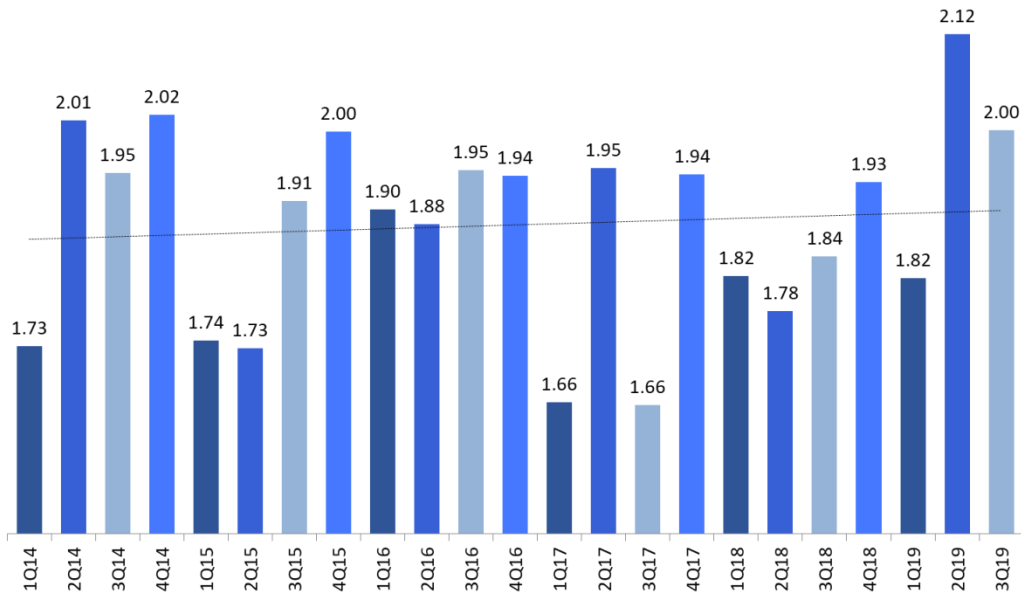
Total Gross Revenue per m³ Billed - R\$/m³



The following were not considered:

- Construction revenue
- R\$928 million referring to the agreement with Guarulhos in 4Q18
- R\$1,254 million referring to agreement with Santo André in 3Q19

Operating Expense per m³ Billed - R\$/m³

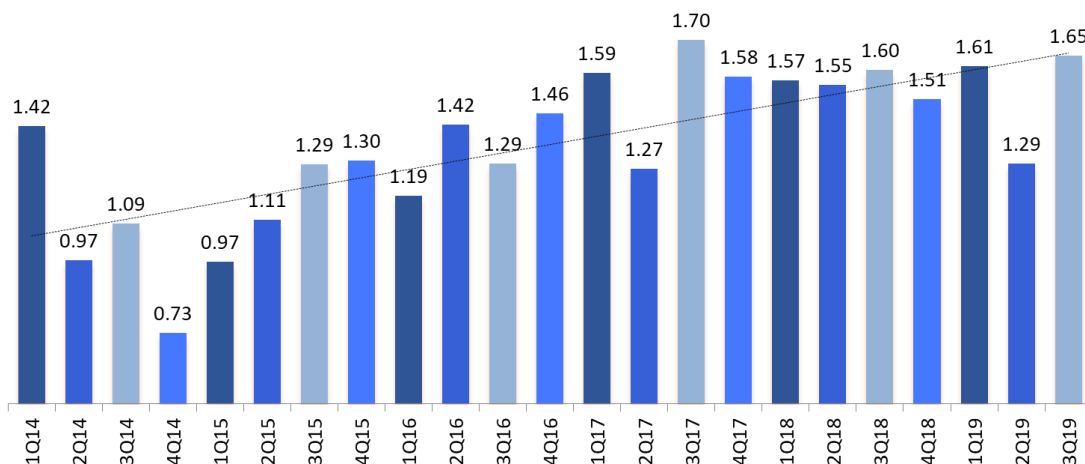


Expenses considered: personnel, general materials, third-party services, electric energy, general expenses and tax expenses.

Reversals excluded:

- R\$696 million referring to agreement with the State Government in 1Q15
- R\$307 million referring to the migration of the additional pension plan in 3Q16
- R\$173 million referring to the end of the TAC Retirees in 3Q19.

EBITDA per m³ Billed - R\$/m³



The following were not considered:

Revenue:

- R\$928 million referring to the agreement with Guarulhos in 4Q18
- R\$1,254 million referring to agreement with Santo André in 3Q19

Reversal of expenses:

- R\$696 million referring to agreement with the State Government in 1Q15
- R\$307 million referring to the migration of the additional pension plan in 3Q16
- R\$173 million referring to the end of the TAC Retirees in 3Q19

c) Economic

Economic Variables at the close of the period*	3Q19	3Q18
Amplified Consumer Price Index ⁽¹⁾	0.26	0.72
National Consumer Price Index ⁽¹⁾	0.17	0.55
Consumer Price Index ⁽¹⁾	0.47	1.03
Referential Rate ⁽¹⁾	0.0000	0.0000
Interbank Deposit Certificate ⁽²⁾	5.40	6.39
US DOLAR ⁽³⁾	4.1644	4.0039
YEN ⁽³⁾	0.03852	0.03528

(1) Accrued in the quarter (%)

(2) Annual average (9 months)

(3) Ptax sale rate on the last day of the quarter

(*) Unaudited

11. Loans and financing

In 3Q19, 49.2% of the Company's total debt is exposed to the exchange rate variation of the Brazilian Real against the US dollar and Japanese Yen, due to outstanding loans with multilateral banks (IDB and IBRD) and official banks (JICA) that offer debt instruments with longer terms and lower costs, in addition to other funding instruments used in the capital and credit markets.

Considering the current international and national macroeconomic conditions and their impact on interest and exchange rates and, in particular, the significant reduction in the differential between internal and external interest rates, the company should, whenever possible, contemplate actions to capture opportunities that will result in a decrease in its foreign exchange exposure.

In the case of debts with multilateral and official banks, some of our current contracts already have currency exchange clauses and some may be amended to include this option. In these cases, there will be no need for the use of market currency hedging instruments for the execution of any debt currency exchange.

For other debts of the Company in foreign markets, whether of private credit or public financing that do not have currency exchange clauses, the Company may resort to market currency hedging instruments to reduce its currency exposure.

The Company will continue to prioritize access to increasingly diversified credit sources, both internal and external, to support its investments, its cash and refinancing needs and, in this sense, will always evaluate the opportunity to carry out currency hedging operations based on conditions and costs offered by the market.

R\$ thousand

INSTITUTION	DEBT PROFILE							TOTAL	% of total
	2019	2020	2021	2022	2023	2024	2025 onwards		
Local Currency									
Caixa Econômica Federal	19,951	82,109	86,456	91,140	83,868	82,499	956,775	1,402,798	10.3
Debentures	60,583	599,549	483,466	562,530	365,539	699,470	920,604	3,691,741	27.0
BNDES	34,164	118,349	117,896	117,896	112,194	106,713	491,766	1,098,978	8.0
Leasing	108,290	27,241	29,093	31,063	34,388	36,765	299,947	566,787	4.1
Leasing (IFRS 16)	12,580	47,729	21,922	648	59	-	-	82,938	0.6
Others	346	1,526	1,627	1,627	1,607	1,384	1,268	9,385	0.1
Interest and other charges	51,164	34,227	0	0	0	0	0	85,391	0.6
Total Local Currency	287,078	910,730	740,460	804,904	597,655	926,831	2,670,360	6,938,018	50.8
Foreign Currency									
IADB	-	175,691	175,691	175,691	175,691	175,691	1,489,304	2,367,759	17.3
IBRD	-	25,318	25,318	25,318	25,318	25,318	240,627	367,217	2.7
Deutsche Bank	156,043	-	-	-	-	0	-	156,043	1.1
Eurobond	-	1,456,510	-	-	-	0	-	1,456,510	10.7
JICA	6,451	165,648	167,140	159,282	159,282	159,282	1,347,973	2,165,058	15.8
IDB 1983AB	-	73,281	32,034	32,034	30,695	-	-	168,044	1.2
Interest and other charges	38,887	9,447	0	0	0	0	0	48,334	0.4
Total in Foreign Currency	201,381	1,905,895	400,183	392,325	390,986	360,291	3,077,904	6,728,965	49.2
Total	488,459	2,816,625	1,140,643	1,197,229	988,641	1,287,122	5,748,264	13,666,983	

12. Capex

In 3Q19, the Company invested R\$ 2.2 billion, totaling R\$ 3.7 billion year to date, of this total, R\$ 1.9 billion refers to investments that did not affect cash. The significant increase in the quarter is due to the start of operations in the municipality of Santo André since it was constituted an intangible by the right to directly provide water supply and sewage services in the municipality.

13. Conference calls

In English

November 18, 2019 - Monday
11:30 am US ET / 1:30 pm (Brasília)
Dial in: + 1 (412) 317-6346
Conference ID: Sabesp

Replay available for 7 days
Dial in: +1 (412) 317-0088
Replay ID: 10135719

[Click here](#) for the webcast

In Portuguese

November 18, 2019 – Monday
9:30 am US ET / 11:30 am (Brasília)
Dial in: +55 (11) 3181-8565
Conference ID: Sabesp

Replay available for 7 days
Dial in: +55 (11) 3193-1012
Replay ID: 8133341#

[Click here](#) for the webcast

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Statements contained in this press release may contain information that is forward-looking and reflects management's current view and estimates of future economic circumstances, industry conditions, SABESP performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this press release that do not describe historical facts, such as statements regarding the declaration or payment of dividends, the direction of future operations, the implementation of principal operating and financing strategies and capital expenditure plans, the factors or trends affecting financial condition, liquidity or results of operations are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

Income Statement

Brazilian Corporate Law	R\$ '000	
	3Q19	3Q18
Net Operating Income	5,410,593	3,810,781
Operating Costs	(2,379,712)	(2,313,289)
Gross Profit	3,030,881	1,497,492
Operating Expenses		
Selling	(195,945)	(170,022)
Estimated losses with doubtful accounts	37,677	(19,307)
Administrative expenses	(329,607)	(216,543)
Other operating revenue (expenses), net	13,198	34,159
Operating Income Before Shareholdings	2,556,204	1,125,779
Equity Result	2,352	502
Earnings Before Financial Results, net	2,558,556	1,126,281
Financial, net	(198,302)	(83,141)
Exchange gain (loss), net	(521,626)	(179,629)
Earnings before Income Tax and Social Contribution	1,838,628	863,511
Income Tax and Social Contribution		
Current	(434,142)	(303,572)
Deferred	(195,626)	5,225
Net Income for the period	1,208,860	565,164
Registered common shares ('000)	683,509	683,509
Earnings per shares - R\$ (per share)	1.77	0.83
Depreciation and Amortization	(463,962)	(342,520)
Adjusted EBITDA	3,009,321	1,434,642
% over net revenue	55.6%	37.7%

Balance Sheet

Brazilian Corporate Law		R\$ '000	
ASSETS	09/30/2019	12/31/2018	
Current assets			
Cash and cash equivalents	2,633,406	3,029,191	
Trade receivables	2,008,771	1,843,333	
Related parties and transactions	163,986	174,148	
Inventories	95,189	65,596	
Restricted cash	22,477	31,900	
Current recoverable taxes	129,336	380,703	
Other receivables	67,705	77,371	
Total current assets	5,120,870	5,602,242	
Noncurrent assets			
Trade receivables	218,555	209,083	
Related parties and transactions	657,138	669,102	
Escrow deposits	178,246	152,018	
Water National Agency – ANA	37,317	49,136	
Other receivables	118,846	103,310	
Equity investments	63,171	44,587	
Investment properties	47,574	47,620	
Contract assets	7,579,485	7,407,948	
Intangible assets	31,516,892	29,012,460	
Property, plant and equipment	299,955	267,612	
Total noncurrent assets	40,717,179	37,962,876	
Total assets	45,838,049	43,565,118	
LIABILITIES AND EQUITY	09/30/2019	12/31/2018	
Current liabilities			
Trade payables	325,896	465,993	
Borrowings and financing	1,714,302	2,103,612	
Accrued payroll and related charges	461,940	564,830	
Taxes and contributions	244,452	200,563	
Dividends and interest on capital payable	573	673,765	
Provisions	531,497	458,387	
Services payable	480,730	454,022	
Public-Private Partnership – PPP	98,350	137,827	
Program Contract Commitments	265,842	230,695	
Other liabilities	231,498	108,938	
Total current liabilities	4,355,080	5,398,632	
Noncurrent liabilities			
Borrowings and financing	11,952,681	11,049,184	
Deferred income tax and social contribution	438,586	261,242	
Deferred Cofins and Pasep	139,434	140,830	
Provisions	480,162	434,475	
Pension obligations	3,015,453	2,970,009	
Public-Private Partnership – PPP	3,221,879	3,275,297	
Program Contract Commitments	123,333	142,314	
Other liabilities	309,558	341,447	
Total noncurrent liabilities	19,681,086	18,614,798	
Total liabilities	24,036,166	24,013,430	
Equity			
Paid-up capital	15,000,000	15,000,000	
Profit reserve	5,040,452	5,100,783	
Other comprehensive income	(549,095)	(549,095)	
Retained earnings	2,310,526	-	
Total equity	21,801,883	19,551,688	
Total equity and liabilities	45,838,049	43,565,118	

Cash Flow

Brazilian Corporate Law	R\$ '000	
	Jan-Set 2019	Jan-Set 2018
Cash flow from operating activities		
Profit before income tax and social contribution	3,478,621	1,986,875
Adjustment for:		
Depreciation and amortization	1,299,363	997,406
Residual value of property, plant and equipment and intangible assets written-off	14,593	16,893
Allowance for doubtful accounts	50,898	126,005
Provision and inflation adjustment	280,565	50,794
Interest calculated on loans and financing payable	430,838	391,455
Inflation adjustment and foreign exchange gains (losses) on loans and financing	498,337	1,153,748
Interest and inflation adjustment losses	28,521	20,886
Interest and inflation adjustment gains	(26,413)	(55,069)
Financial charges from customers	(282,958)	(219,514)
Margin on intangible assets arising from concession	(44,775)	(45,829)
Provision for Consent Decree (TAC) and Knowledge retention program (KRP)	(127,793)	(75,450)
Equity result	(8,337)	(4,196)
Provision from São Paulo agreement	4,186	7,601
Pension obligations	200,581	181,995
Santo André agreement	(1,259,758)	-
Interest and inflation adjustment (Public-Private Partnership)	293,299	15,629
Other adjustments	(7,257)	4,373
	4,822,511	4,553,602
Changes in assets		
Trade accounts receivable	(31,037)	555
Accounts receivable from related parties	48,619	45,175
Inventories	(29,593)	18,725
Recoverable taxes	251,367	37,872
Escrow deposits	(15,271)	(22,960)
Other accounts receivable	6,956	(32,403)
Changes in liabilities		
Trade payables and contractors	(351,085)	(206,041)
Services payable	22,522	(16,286)
Accrued payroll and related charges	24,903	96,672
Taxes and contributions payable	(47,595)	(162,720)
Deferred Cofins/Pasep	(1,396)	6,311
Provisions	(161,768)	(193,804)
Pension obligations	(155,137)	(151,518)
Other liabilities	87,495	142,676
Cash generated from operations	4,471,491	4,115,856
Interest paid	(553,102)	(513,176)
Income tax and contribution paid	(892,800)	(514,657)
Net cash generated from operating activities	3,025,589	3,088,023
Cash flows from investing activities		
Acquisition of contract assets and intangible assets	(2,029,213)	(1,366,684)
Restricted cash	9,423	(6,195)
Purchases of tangible assets	(56,186)	(23,043)
Increase in investment	223	(655)
Cash receipts from the sale of assets	-	8,131
Net cash used in investing activities	(2,075,753)	(1,388,446)
Cash flow from financing activities		
Loans and financing		
Proceeds from loans	1,603,795	1,555,670
Repayments of loans	(1,750,487)	(1,170,632)
Payment of interest on shareholders' equity	(739,990)	(653,393)
Public-Private Partnership – PPP	(417,550)	(63,469)
Program Contract Commitments	(41,389)	(31,547)
Net cash used in financing activities	(1,345,621)	(363,371)
Cash reduce and cash equivalents	(395,785)	1,336,206
Represented by:		
Cash and cash equivalents at beginning of the year	3,029,191	2,283,047
Cash and cash equivalents at end of the year	2,633,406	3,619,253
Cash reduce and cash equivalents	(395,785)	1,336,206